



THE
CARTER CENTER

*Toward a New Model of
Development Cooperation*



*The National Development
Strategy Process in Guyana*

ACKNOWLEDGMENTS

I must thank and congratulate the Carter Center staff who have helped make the Global Development Initiative a success. Mr. Jason Calder and Mr. Rayman Mohammed and his staff of the Georgetown field office have worked tirelessly. Dr. Roger Norton and Ms. Viodelda Villalaz provided valuable technical advice and organizational expertise. Ms. Laura Benson contributed to the success of the Advisory Group Meeting and, with the help of Ms. Pam Auchmutey and Ms. Laina Wilk, the production of this report. Finally, Dr. Uma Lele and her colleagues at the University of Florida deserve recognition for their excellent work in launching GDI.

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Toward a New Model of Development Cooperation: The National Development Strategy Process in Guyana

A Report on the Global Development Initiative's
Advisory Group Meeting
and
Review of Lessons Learned in Guyana

May 1997

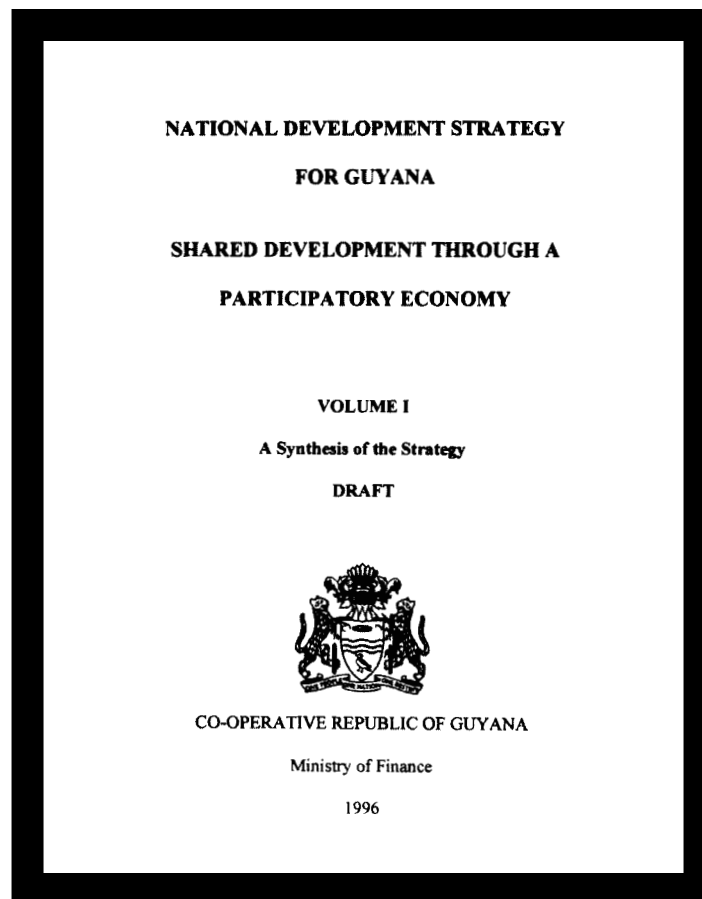


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“We believe that this strategy will come to signify faith in the future and in our ability to work together in a multicultural society for the betterment of all. This marks the first time that Guyanese of all races, religions, and political persuasions have come together to draft the blueprint of our future. For the international community this strategy initiates a fruitful dialogue and marks the beginning of a new era in cooperation.”

—Cheddi Jagan, president of Guyana



“I do believe, therefore, that a basic condition for the success of this development strategy ... is getting a national consensus in Guyana, which is multicultural and multireligious, that is based on social cohesion.”

— Hugh Desmond Hoyte, former president of Guyana

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FORWARD

by Jimmy Carter

I have long been an advocate for development assistance that focuses on helping countries help themselves. Unfortunately, lack of coordination among donors, both in the projects they pursue and the conditionalities they introduce, and the limited ability of many developing countries effectively to absorb available resources have taken their toll on international perceptions of development aid. The problem isn't with aid itself, however, but with its delivery. If development assistance is to become more effective, it must respond to a nationally driven set of policies and priorities. Donors insist they can be effective only if the recipient country clearly articulates its policies and adheres to them. It was this set of issues that The Carter Center's Global Development Initiative (GDI) sought to address.

Our work began in Guyana in 1990, when the Center initiated discussions with Guyanese leaders about upcoming elections. As a result, in 1992, that country held its first internationally recognized free and fair elections in more than 28 years, monitored by the Center. Soon thereafter, I accepted President Cheddi Jagan's invitation to be his guest at the 1994 meeting of the Caribbean Group for Cooperation in Economic Development (CGCED), where his government would present Guyana's broad vision and development strategy statement to international donors.

This and subsequent meetings demonstrated Guyana's active search for innovative approaches to meet development goals and donors' positive response to such efforts. Following the meeting, the Government of Guyana requested that The Carter Center, under the auspices of GDI, assist in further developing the vision of a comprehensive, long-term development strategy.

The key to what GDI attempted in Guyana lies in its methodology—one which was locally driven, with a tremendous amount of indigenous input. Attempts were made to include as many different interest groups as possible, including the government opposition, to

create nonpartisan, broad-based support for the development plan and to increase the likelihood of successful implementation. In addition, issues in each sector were explored in depth. While the overall sustainability of the strategy was important, policies to promote sound resource use were a priority, as were those that could promote growth with equity and attract investment to the country. The goal, ultimately, was to make it possible for the Government of Guyana, with public support, to articulate its policies and recognize what steps need to be taken in the areas of legislation, budgeting, and prioritization to regain control of its own development path.

This report of the GDI Advisory Group Meeting, which took place at The Carter Center on June 6, 1996, chronicles the thoughts and ideas put forth by the world's leading development practitioners on the effort in Guyana. It also includes a discussion of lessons learned about this alternative methodology that have become increasingly clear since the National Development Strategy was released in January 1997. Endeavoring to change the way development is approached by governments and donor agencies is no small task, yet the participants in this exercise and at the meeting displayed commitment to a vision that is beginning to be realized. I thank all of those who joined us for the meeting and who continue to pursue new solutions. I also am thankful to many organizations and individuals who have worked on GDI since 1993:

■ The late President Cheddi Jagan of Guyana was a lifelong champion of human rights and Third World development, and his tireless commitment to freedom and justice helped return democracy to his country. The National Development Strategy is a testament to his vision. Former President Desmond Hoyte of Guyana, through his leadership, contributed to this process. Finance Minister Bharrat Jagdeo, who coordinated the NDS process, and the people of Guyana, who contributed their knowledge to this effort, also deserve praise for their accomplishment.

■ The Carnegie Corporation of New York, in particular Dr. David Hamburg and Dr. Patricia Rosenfield, have lent tremendous vision and experience to GDI over the years. In 1992, the Corporation co-sponsored the Conference for Global Development Cooperation from which GDI emerged and has provided financial support to GDI, including the 1996 Advisory Group Meeting and this report.

■ Brian Atwood, administrator of USAID, has taken leadership in supporting this alternative approach to development assistance in Guyana. We share great hopes that through these efforts, we can

improve the prospects for truly effective foreign aid.

■ The staff of USAID, particularly Mr. Patrick McDuffy of the Guyana mission, has been a patient and strong supporter.

■ Finally, other international donor agencies, foundations, and corporations deserve recognition for their support of GDI and its activities in Guyana over the years: the Inter-American Development Bank, the World Bank, the W. Alton Jones Foundation, Citibank Corporation, the Ford Foundation, the Charles Stewart Mott Foundation and the Turner Foundation. ■

Introduction¹

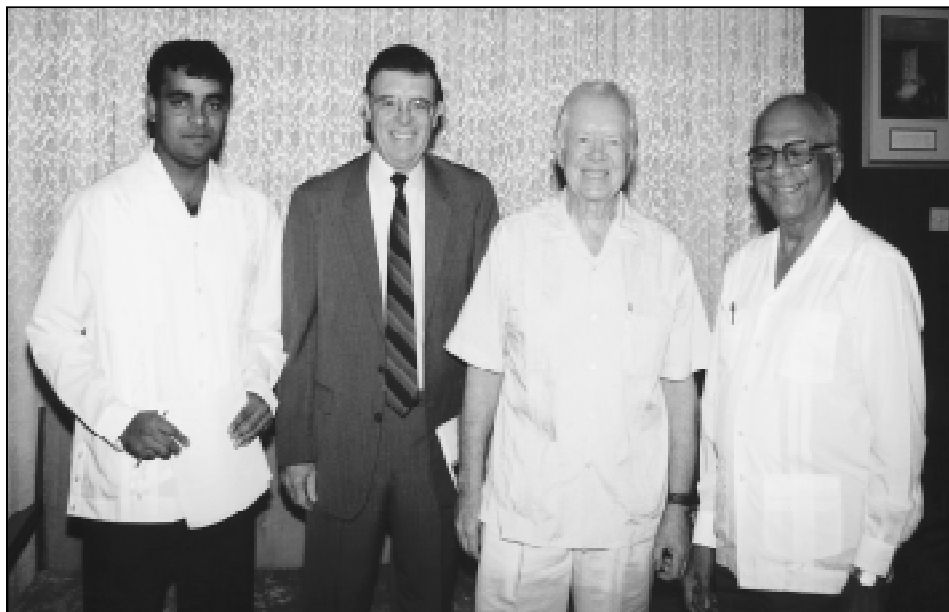
The genesis of the Global Development Initiative (GDI) lies in the Conference for Global Development Cooperation, held at The Carter Center in December 1992, and chaired by former U.S. President Jimmy Carter and U.N. Secretary-General Boutros Boutros-Ghali. Compelled by the fundamental political and economic changes sweeping the world in the post-Cold War era and their profound implications for global development, the conference brought together world leaders with representatives from international donor institutions, nongovernmental organizations (NGOs), private foundations, the private sector, and academia to identify specific, practical ways to

more accountability into the development process—a central tenet of its work. In its inaugural effort, GDI has worked with the Government of Guyana in an innovative partnership to change the basis for international assistance to that country.

Guyana chose to effect such change by drafting a National Development Strategy (NDS) that would clearly articulate the country's policy framework and could be the basis for setting development priorities and guiding international assistance. The work was completed by 23 sector-specific Technical Working Groups (TWGs), whose membership represented Guyanese most involved with the relevant issues, regardless of formal political affiliation,

including individuals in government, academia, NGOs, labor, the donor community, and the private sector. This level of participation is unusual in development planning but was believed to be important to introducing greater transparency to the process of policy formation, as well as to establishing a broader basis of ownership of the final product. In the political and democratic context of a country like Guyana, which is dealing with the legacy of decades of authoritarian government, economic decline, and racial polarization, an inclusive process is imperative for success.

GDI's role in this process has been that of a third party who was able to remain neutral in the



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Gordon Streeb (second from left), director of The Carter Center's Global Development Initiative, and Jimmy Carter met with Bharrat Jagdeo (left), minister of finance, and Cheddi Jagan, president of Guyana, in Georgetown in April 1996.

improve development cooperation on an international scale.

GDI was established in response to calls at the conference for new and practical models of development cooperation from which the international community could learn general lessons. Given The Carter Center's strong interest in promoting democratic consolidation, GDI has made a second recommendation of the conference—the introduction of

eyes of the actors and worked to ensure, within reason, the actors' continued cooperation and participation in the effort. In this capacity, GDI provided technical advice and assistance to the TWGs, facilitated discussion of the development strategy among stakeholder groups, assisted in the coordination of inputs from the TWGs to ensure the technical quality demanded by the donors, and promoted the close collabora-

¹ For an in-depth overview of the exercise in Guyana, the context in which it was developed, The Carter Center's role, and the operational details of how it was carried out, please see the "Review of the Global Development Initiative" (Appendix 1).

tion of the donor community in the process.

The NDS was released for public review in January 1997. Before it is finalized, it will undergo a series of regional consultations intended to sensitize Guyanese to the policies it puts forth and to collect feedback. Plans also exist to establish a task force to review commentary generated at the workshops before the document is brought to Guyana's Cabinet. Although the mechanisms for continued public participation throughout the implementation process have not yet been defined, the government has made clear that a consultative process will remain central to this next stage of the exercise.

This report is based on GDI's Advisory Group Meeting, held at The Carter Center on June 6, 1996, and on subsequent events in Guyana. President Carter called the meeting as a means to assess progress made since December 1992, when the first such meeting was held. Leaders in the donor, NGO, professional, and academic communities came to Atlanta to join Government of Guyana officials, representatives of the Guyanese political opposition, and Carter Center staff to discuss the current state of development assistance and the possibility of using the Guyana initiative as a model to be more widely adopted in development policy planning.

The draft NDS remains a work in progress. Its value, to some degree, will be measured by the implementation of its policies and their success. As such, this report does not attempt to be the definitive word on the Guyana model. Rather, it presents the international and national contexts in which this model has taken on increasing importance, the thoughts of Advisory Group members on the exercise and its implications, and some reflection on the strengths, weaknesses, and possibilities for improvement that have become evident as the process has moved closer to the implementation stage.

This report comprises the following sections:

Keynote Addresses

Provides the full texts of addresses given by former President Jimmy Carter, Guyana President Cheddi Jagan, and former Guyana President Hugh Desmond Hoyte as well as summaries of presentations given by Senior Minister of Finance Bharrat Jagdeo of Guyana and Carter Center Team



Leader and Economic Advisor to the Ministry of Finance
Roger Norton.

Discussion

Covers key topics addressed during the conference in the process of evaluating the Guyana exercise. Also included are participants' general commentary on the initiative and issues raised for consideration during the implementation stage of the NDS effort.

Update

Update on the NDS process since the 1996 Advisory Group Meeting.

Lessons Learned and the Road Ahead

Departs from the issues discussed at the meeting to consider events that have transpired in Guyana since the release of the NDS draft and their implications. Attention is given to the international context and alternative methodologies presented by the Guyana model, lessons for the third party, and The Carter Center's recommendations to the Government of Guyana and the international donor community as the implementation phase begins. ■

KEYNOTE ADDRESSES

The Honorable Jimmy Carter, Chairman of the Board, The Carter Center

We are grateful for the presence of all of you at what I consider to be a very important conference. We are particularly pleased to have President Jagan from Guyana and former President Hoyte; Mr. Jagdeo, who is the minister of finance; Mr. Parris, who is advisor to the People's National Congress party; and representatives, as you know, of the major donor agencies.

The Impetus of GDI in Guyana

The Global Development Initiative (GDI) actually is a follow-up to a conference conceived in 1992, when U.N. Secretary-General Boutros Boutros-Ghali and I and many other donor groups, realized the words "foreign aid" in our country were something like epithets. Unfortunately, it is almost politically suicidal in our nation to advocate for development assistance, and we were very concerned about that. Also, in our work in the developing world, we were concerned about the ineffectiveness of some of the aid programs and the inability of the people who live in the country, particularly those out in the villages, to understand what sustainable development meant. We had a productive conference here to look into those issues. President Jagan attended as the newly elected president of Guyana, along with the president of Ethiopia. The outcome was a commitment to pursue an innovative approach, to see if there would be a way to correlate more effectively the professional and highly knowledgeable recommendations of the major donor agencies in our country and the objectives and priorities of the government, opposition political parties, and a wide range of citizens' groups in the recipient country.

Guyana, which was chosen to be this test case, is



Jimmy Carter

BILLY HOWARD

an extremely diverse and interesting nation. It has shown a very deep commitment to democracy, an heroic effort to change past economic policies from state ownership to privatization, a willingness and eagerness to preserve very precious and largely unwasted natural resources, and a highly productive agriculture system with rice and sugar and other crops. It is a country divided ethnically in a very severe way and has suffered the exodus of many of its highly educated citizens. It has had difficulties but has been constantly improving in the recent past and has a bright future. These were the things in consideration that brought us to Guyana.

The Role of The Carter Center

I am not going to talk much about The Carter Center, just to say that the Global Development Initiative fits in with our basic philosophy. I just want to use one example. We have what's known as the Global 2000 project in Africa, where we go into individual

countries that are severely challenged because of the lack of food production. We send only one foreigner into the nation, no matter how large it is, including Ethiopia, Sudan, and some of the larger countries, and work cooperatively with the ruling party. I go, as do agricultural experts—including Dr. Norman Borlaug, who won the Nobel Prize for his work in the Green Revolution in India and Pakistan—to meet with the president; the prime minister; and the ministers of agriculture, education, finance, and transportation to be sure they all are cooperating in the project. Our goal then is to increase very rapidly the production of food grains.

“The main point is that the people of Guyana have come together to decide what the future plan for development should comprise.”

So all the way from the president through the government structure, and from the opposition political parties down to the village level, the entire country is involved. And we set a time limit on how long we are going to be there—we only stay five years—so from the first day, they know that they cannot become dependent on financial assistance. Our one agricultural expert, the only foreigner we send there over a period of five years, can easily triple production of those basic food grains. In Tanzania, for instance, we had 15,000 farmers who went through our program and when we left there were 700 trained extension workers who remained active afterward. This kind of comprehensive approach to one facet of life—agriculture—has been an inspiration to us.

In Guyana, we have taken on a much greater responsibility. This is strictly an indigenous project with a very tiny group of outsiders—some from the Inter-American Development Bank, some from the United Nations Development Program (UNDP), some from the U.S. Agency for International Development (USAID), some from the World Bank—but a very small group. The main point is that the people of Guyana have come together to decide what the future plan for development should comprise. There have been more than 300 meetings, with Amerindians, women’s groups, environ-

mentalists, farmers, educators, health professionals, and others, and out of those have come the final stages of a development plan. This has been a very exciting project for us. There were some unanticipated problems, but there also were some unanticipated, wonderful results. I hope that if you haven’t gone to Guyana, you will go there. There is no more startling an example of a developing nation with a great future that I can think of in the whole world, and it has been an honor for The Carter Center to be involved.

The Road Ahead

There are some problems still, and one of the good things about this meeting today is that we have not only the incumbent president but also the former president and leader of the major political opposition party. They are mutually committed to this process and both parties are legitimate in their concern for the strategic plan being put forward. I am gratified that President Jagan and former President Hoyte both have agreed that the concept and the purpose of a strategic plan is excellent, provided that the political connotations of it can be eliminated or dramatically minimized. This is a draft document and is to be presented to the public for national debate so everyone can be involved in deciding what is best for Guyana.

We are going to discuss Guyana as an example of what might be done, but we would like your advice and your input on whether this pattern would be useful for other nations. I have an interest in developing countries, particularly those in Africa, where there is a deep resentment of past procedures in which a few people in power in a destitute nation would be presented with an overall plan and have to accept it to get funding, only to go home and find that it is politically unfeasible, and sometimes suicidal, to put into effect. This way, from the ground up, a plan has evolved that can be accepted and admired by everyone. We hope this will lead to greater donor participation in Guyana where there can be greater confidence that the basic proposals and the principles espoused by your organizations will be put into effect. And I hope that you will see in Guyana in the next year or two an example where you can say, “This worked in Guyana; let’s try it in country A.”

So this is what we hope to do this morning. Whether third parties like The Carter Center should be

involved is another question to be discussed. There have been some headlines in Georgetown, Guyana, about The Carter Center and foreigners coming in and telling the Guyanese how to plan their future. Although we have been available to aid in the process, we have not tried to dominate in Guyana—that would have been totally frivolous. There's no way to dominate the independent sphere of people in their own country. How a third party like The Carter Center might be helpful is a question to be addressed today. It might very well be that other international agencies, UNDP in

particular, could play this role effectively everywhere in the world. That's another issue to be discussed.

This morning, we are going to turn the program over to Dr. [Gordon] Streeb, who has been the leader of our Global Development Initiative, and you'll be acquainted with what has happened in Guyana. After an analysis of the initiative's details, the overall concept will become much clearer. Later on in the day, we'll discuss the aspects of what we consider to be a very fruitful and very gratifying opportunity for us. ■

His Excellency Cheddi Jagan, President of Guyana

President Carter, ladies and gentlemen, on behalf of my government and the people of Guyana, I wish to thank you for attending this very important meeting. It will prove to be very worthwhile for us to have this opportunity to converse about Guyana's vision of its development and the new social and economic policies that will guide it.

I especially wish to thank President Jimmy Carter for organizing this event and for his guiding assistance on our National Development Strategy (NDS) over the past year. He is a steadfast friend of Guyana who always is motivated by the noblest aims.

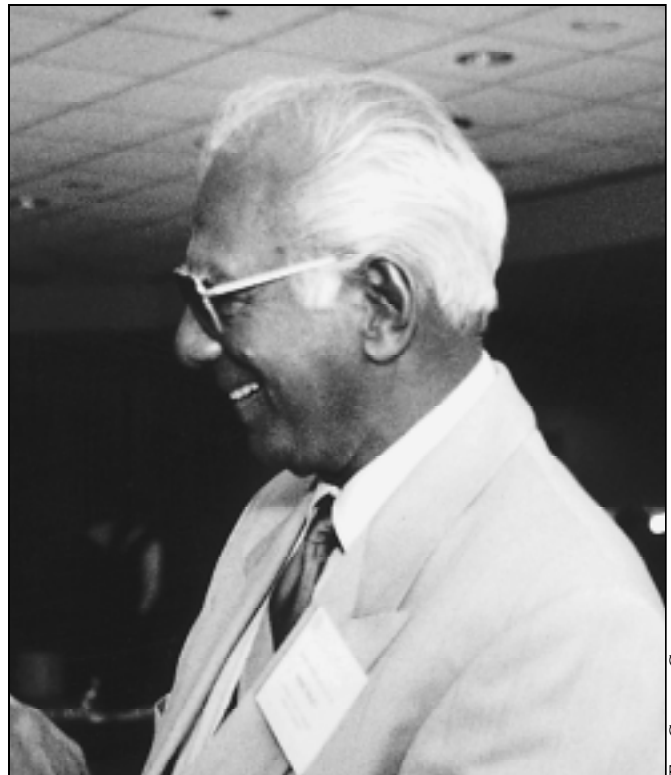
We also recognize the support of the international community, manifested in the recent decision of the Paris Club, to write off one-fourth of our debt. All Guyanese are grateful for this gesture and filled with hope over the prospect it raises. We know the road ahead still is difficult, and careful debt management will be required. But now some of the heavy burden of the past that had been blocking our path has at last been removed. Debt servicing, however, will continue to impose constraints in the medium-term because debts that previously were not being honored now will have to be serviced.

I hope that in our interdependent world, North/South partnership and cooperation for mutual benefit will lead to the conclusion of Third World debt payments not exceeding 10 percent of income from exports, as advocated by Nobel Prize winner and former President of Costa Rica Oscar Arias, former President of Zambia Kenneth Kaunda, the British Labor Party, and others.

Overview of the National Development Strategy

The agenda for today is our National Development Strategy: how it is being developed, the policy orientations it puts forth, and above all, what it means for Guyana and the donor community.

I would like to take this opportunity to comment on the context out of which the NDS arose and the broad vision it paints for our society and economy. In



Cheddi Jagan

both terms, this is a unique, forward-looking, creative vision. It is development with a human face. It frankly addresses our most basic social problems including health, education, housing, poverty, the role of women, and the role of Amerindians. It is committed to honor fully the U.N. Covenant on Civil and Political Rights and the U.N. Covenant on Economic, Social, and Cultural Rights to foster unity in diversity and to provide for accelerated development of our indigenous Amerindian people.

This strategy defines new responsibilities as well as new opportunities. It places great expectations on the private business sector. At the same time, it fosters wider citizen participation in basic decision-making by local governments, citizens' associations, labor unions, farmers' groups, cooperatives, and nongovernmental

organizations (NGOs). It seeks to devolve responsibility to its most appropriate level.

Central government will achieve greater effectiveness by concentrating its role in guidance and oversight in establishing basic policies and in monitoring their implementation. The government, as amply demonstrated in the NDS, considers the private sector as the engine of growth. Public perception that privatization was conducted in a less-than-transparent manner dictated that we move cautiously. However, I'm advised by the minister of finance that our privatization program has exceeded what we had agreed to with the international community, and I expect him to deal with this later.

“The strategy is distinguished as being both broad and deep. The various chapters cover all sectors and all key topics of economic policy and social programs, and the policies established in preliminary form in each chapter are firmly buttressed by thorough technical analysis.”

We believe that the government of a developing economy must exert strong leadership. The state must constantly be alert to represent the interest of the population at large, and it must be an effective steward of our rich endowment of natural resources. This is a powerful role. But it is best exercised in instruments of policy and specialized programs to complement the efforts of the private sector.

The NDS, which is still in draft, is an exceptional document with respect to both the process of its formulation and its nature. The process has been unusually participatory. In the first stage, more than 200 national experts contributed considerable time to developing technical diagnoses of issues and preliminary sets of policy options in each area. Subsequent stages will involve consultations with the wide gamut of groups and institutions in our society before the document is finalized. Few countries can claim to have a

national socioeconomic strategy through as participatory a process.

The strategy is distinguished as being both broad and deep. The various chapters cover all sectors and all key topics of economic policy and social programs, and the policies established in preliminary form in each chapter are firmly buttressed by thorough technical analysis.

The NDS also takes a long-term view of our country's growth prospects and requirements and the special needs of less-favored groups in society. On that basis, it establishes firm foundations for continued improvement in the standard of living of all Guyanese.

The Social and Historical Context of the Strategy

I believe this National Development Strategy will come to be regarded as a historic document for our country, and for that reason it needs to be viewed in light of our history. Guyana's first decades of independence have been its crucible of nationhood in political, social, and economic aspects. They have been intense and difficult years in many respects, yet out of these struggles and self-examination, a sense of self-identity and a modern nation are emerging.

The nation's polity had to be defined against a backdrop of a population brought to our shores in disenfranchised conditions and cleavages wrought in society by colonial rule. Global geopolitical tensions also left their imprint on the nascent body politic. Throughout these lacerating historic experiences, the spirit of nationhood has deepened. Although at times it has appeared to fray under the pressures, it has shown resilience.

The 1992 elections mark the political watershed in consolidating the spirit and confirming the country's commitment to the path of democracy. We are still a very young nation, our fundamental political and social values are still being forged, and we therefore look to the future with more confidence than at any time in our brief history.

Permit me to thank President Carter, President Bush, the U.S. Congress, the National Democratic Institute, Mr. Brian Atwood [of the U.S. Agency for International Development], and others for the tremendous assistance they rendered to restoring democracy to Guyana. For me, democracy is the lifeblood of human

development— democracy that is representative, consultative, participatory, and embraces the political, economic, industrial, cultural, and social spheres.

The progress of the economy largely mirrors that of the polity. Until recently, real per-capita income declined, poverty was on the increase, and health and education standards fell while the nation's infrastructure deteriorated. Many of Guyana's brightest talents chose to emigrate rather than continue to suffer the terrible circumstances of the economy. Developing human resource and social capital will be one of our principal tasks.

Lack of democracy, falling external terms of trade, and inappropriate domestic economic policies played their role in the economic decline, including the willingness to incur an external debt that has reached unserviceable levels.

The benefits of new policies have begun to become apparent. In the last four years, Guyana has experienced a turnaround in its economic performance that is remarkable by any standard. After a decade in which real growth rates were negative, the economy has generated real growth averaging nearly 7 percent per year for the past seven or eight years. These positive developments have led to a diminution of unemployment rates and a lessening of poverty, although both issues remain considerable national concerns. Our strategy is geared toward attaining high sustainable growth with equity—economic growth with social justice and ecological preservation.

At the same time the economy was taking off, the government budget deficit and the balance-of-payments deficit were reduced, inflation was brought down sharply, and the arrears on external accounts were diminished very substantially.

Although many daunting problems still confront Guyana, these economic changes have begun to lay the basis for sustained growth and balanced urban/rural development. They all have generated a more optimistic spirit and a renewal of faith in the country's future. Hope and confidence are indisputable for social progress as are a sound economic development plan, international cooperation, and good governance—democratic, lean, and clean.

As encouraging as recent developments have been, the obstacles that remain in the path of development are large, and redoubled efforts are required to overcome

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them. The difference from a decade ago is that now we know they can be solved with wise policy, persistence, and a national-democratic state of all classes, with the working classes neither being dominating nor being dominated to ensure economic growth with equity.

Those obstacles include not only hindrances to the expansion of production but also deteriorated social services and a governmental structure that is weakened in its inability to set and enforce the basic rules of the economy. They include both decayed physical infrastructure and institutions that still do not function up to expectation. We are worried about the external market conditions for agricultural products, fully aware that they may change for the worse, providing lower returns to our workers and farmers by the beginning of the new century. Our bauxite communities are experiencing difficulties as a result of the external environment, especially the unfavorable conditions in the global bauxite/aluminum marketplace. The challenges are many and diverse.

The manifold nature of the problems that lie ahead and the increasing complexity of our economy have dictated that we undertake the NDS for overcoming those problems. Macroeconomic policy sets the overall framework, but policy also has a sectoral expression. It must not be forgotten that the economy responds at the micro level, which is the human level.

For this reason, the strategy has very specific content, including detailed recommendations for reform to the existing legislative framework that will be needed to facilitate the implementation of the policies.

While no policy-planning document can achieve all of its aims, this strategy and its policies are strong and sure enough to carry on our rapid expansion for another 10 years, if not more, and make our citizens measurably better off while assuring that our priceless heritage of natural resources has proper stewardship.

Basic Themes of the Strategy

To achieve our ultimate goal of people-centered development, we need to pursue rapid growth, which is the main source of employment creation, and at the same time, we must strengthen our endeavors to alleviate poverty. We need to improve our population's access to basic economic and social services, and we need to encourage participation by all segments and sectors of society.

We are committed to economic growth as the only way to realize the most basic needs of our population, but we also are committed to equitable growth. There are two basic approaches for poverty alleviation. One is temporary subsidies to enable lower income groups to have access to sufficient amounts of food and other basic necessities. The other is a creation of an economic environment that will enable them to secure those necessities through exertion of their own abilities. The latter is the course we have chosen to emphasize, although the former is a necessary complement in the interim until the income-earning capacity of the poor is expanded sufficiently.

“... This strategy initiates a fruitful dialogue and marks the beginning of a new era of cooperation. We believe this strategy should be the point of departure for programming international assistance. It establishes the policy framework we would like to see supported and the areas of priority actions.”

In the long run it is clear, as I have expressed on earlier occasions, that we ultimately are more concerned with the strengthening of self-reliance, with the eradication of poverty at its roots, than with handouts to relieve poverty. Our development path also must be characterized by three kinds of sustainability: fiscal, institutional, and environmental. Quick fixes in these areas are doomed for failure with damaging consequences.

We are an economy rich in natural resources, and

those sectors can be expected to continue to expand. But a narrowly defined growth path is risky, and a desired level of social and economic development cannot be attained on the basis of a few primary products alone. We need to diversify our economy and develop our own specializations that will be internationally competitive and enduring. It is essential that we continuously improve productivity in all sectors.

Above all, we need to strengthen our base of human resources and mesh human resource development with Guyana's vast natural resources. Among other measures this means improving social infrastructure, providing higher public-sector wages, and giving more emphasis to training programs for the labor force.

During the past three years, my government has doubled expenditure in the social sector. At the U.N. Social Summit in Copenhagen, I pledged to increase expenditure to 20 percent in keeping with the 20-20 United Nations Development Program compact. I hope the international community will respond appropriately.

The strategic orientation or the keys for rapid growth for Guyana are threefold: export growth, saving mobilization, and education and training. Expressed in economic terms, this is: expansion of markets for products, mobilization of necessary financial capital, and improvement of our human capital base. All three orientations are indispensable elements of our growth strategy.

A Basis for International Cooperation

For Guyanese, we believe this strategy will come to signify faith in the future and in our ability to work together in a multicultural society to achieve betterment for all. This marks the first time that Guyanese of all races, religions, and political persuasions have come together to draft the blueprint of our future.

For the international community, this strategy initiates a fruitful dialogue and marks the beginning of a new era of cooperation. We believe this strategy should be the point of departure for programming international assistance. It establishes the policy framework we would like to see supported and the areas of priority actions.

We do not ask or expect agreement on every aspect—that would be unreasonable to ask anyone, Guyanese or foreigners. But we do ask that the document be taken into serious consideration in the planning

of international technical and financial support. In this regard, we ask for respect for a poor country's right to play a major role in charting its own future course and a collaborative spirit in moving the country along that course. Detailed implementation plans will be drawn up, and we invite collaboration in that effort as well.

I would like at this point to crave your indulgence to share with you my vision of how I see Guyana within the wider perspective of global development. It is well-known that I have been calling, like so many world leaders, for radical changes in the present world disorder and for a new global human order.

“While we focus on our individual countries, we have to make the world environment more conducive for the needs of those countries that are now on the road to poverty.”

This advocacy is premised on the fact that in this era of globalization and liberalization we cannot be an island unto ourselves. Whether we like it or not, the world impinges on us in the South and more often than not adversely, especially in small islands and small economy states as in the Caribbean Community. These countries will face marginalization unless the proposals I made at the 1994 Miami Summit of the Americas for a regional development fund, debt relief, and a corps of development specialists are seriously considered.

Regrettably, signals thus far indicate that they will not be realized. Also not being realized is the expectation of the *Report of the Carnegie Commission on Science, Technology, and Government*, presented here in December 1992, that with all the scientific and technical advances, it was possible to reduce hunger by 50 percent by the year 2000. Regrettably, the opposite is taking place. The poverty curtain is widening. The gap in living standards between the rich and the poor in the South as well as the North, and between the North and the South, is ever widening. The specter of poverty, unemployment, and social disorder is haunting the world. At the political level, there is a growing ascendancy of the

far right—ultranationalists, fundamentalists, xenophobists, and neo-fascists—reminiscent of Hitlerism. Regrettably, no lasting solutions are forthcoming while the world is clamoring for peace and security. I think there are solutions. We must show the will and courage to adopt them and make the world a better place. While we focus on our individual countries, we have to make the world environment more conducive for the needs of those countries that are now on the road to poverty. As we say in Guyana, “think globally and act locally.”

In former times of crisis, new initiatives were taken. [English economist John Maynard] Keynes' formula of pump-priming the economy during the downturn of the business cycle (depression and recession) was adopted in the Roosevelt New Deal Work Program; the Marshall Aid Plan for devastated Europe at the end of World War II; the Alliance for Progress for Latin America and the Caribbean at the time of the Cuban crisis in the early 1960s; and the Lome Convention for the African, Caribbean, and Pacific states. The present critical time calls for an agency like the U.N. Relief and Rehabilitation Agency to cope with wartime ravages and problems of reconstruction, particularly in Europe.

This also would mean the creation of a separate development fund, especially in this period of jobless growth and jobless recovery in the North and aid cuts to the South. This fund should be dispersed to both the states of the North and the South: in the North for a new type of work program, for a reduction of the work week without loss of take-home pay, and a reduction of the pension age without loss of benefits, and in the South, for debt relief and enhanced Alliance for Progress and Lome Convention programs. The fund can be created from cuts in global military expenditures, pollution taxes, the Tobin tax on speculative capital movements, and a small airline ticket tax on long-distance flights.

Perhaps this Global Development Initiative meeting should consider establishing a separate top-level commission on sustainable development and environment to formulate a global strategy and plan of action.

In closing, I would like to mention two particular areas in which a unique form of international cooperation could be very beneficial to Guyana and perhaps to

other countries with similar kinds of resource endowments. First, the strategy lays out a very rigorous program of strengthening our management of natural resources. This is the only way to guarantee to future generations of Guyanese the opportunities that are being offered to present generations.

We are concerned to establish ways to make economic development compatible with some management of natural resources. In this regard, we would like to call your attention to the proposal to establish a Guyanese Rain Forest Foundation. Such a foundation would play a major role in promoting sustainable management of our unique heritage of extensive rain forests. It could finance and manage nontimber concessions in the forest, developing activities such as research, ecotourism, and protection from biodiversity in those lands. Exclusive rights to manage concessions in that way would be granted upon agreement to remit royalties per acre, just as a timber concession would. We feel this is a most promising avenue to pursue for other countries as well because it combines the need for development

finance with the environmental aims for tropical forests. A proposal for the foundation is now being drafted, and we hope to interest donors—including bilateral donors, NGOs, and corporations.

A second special opportunity that the NDS identified for international cooperation is the development of Centers of Excellence at the University of Guyana. Only one or two centers would be created each decade, starting with fields such as geology and mining or tropical forestry and wood products industry. We feel it is vital to develop the best scientific expertise in fields like these to support our sustainable development path. The centers would emphasize research and teaching and would maintain close links to NGOs and corporations in their field. Again, we would like to solicit the interest of donors, from official entities to corporations, and enlist the cooperation of leading universities abroad in this pioneering effort.

Ladies and gentleman, I look forward to a discussion of our National Development Strategy, and I thank you for your attention today. ■

The Honorable Hugh Desmond Hoyte, Former President of Guyana

I currently am the opposition leader and therefore look at developments in our country with the critical eye of a person in opposition. Some years ago, there was a political leader in Guyana who said the role of an opposition leader is to expose, to oppose, and to dispose. Now I hope I don't fall within that mold; I have a wider, more constructive agenda.

I do have a few hesitations about the process by which the strategy came into being, and also I am not too euphoric about some of the claims that were made this morning. But that aside, I hope I can give some objective views on what President Carter is trying to do, and I hope they will be constructive. So I will limit my observations this morning to the experiences we've had with previous development plans and strategies. I will try to indicate some of the jeopardies that might want to be avoided. Third, I will offer some suggestions that might help finalize the strategy, all within the context of my experience with Guyanese political and social milieus.

The Role of Private Capital

I do not know of any country that has developed and modernized without private capital. I would suggest that consideration be given in the development strategy to stressing this point. In fact, I do believe we never really could develop and become a modern, viable state without the intervention of private capital. The strategy, I believe, should say so openly and unapologetically because bilateral flows and those from multilateral sources really are not designed to develop a country in a comprehensive way; they are at best complementary or supplementary to other sources.

Now I do appreciate that a country could get an enormous flow of private capital and yet, in a sense, remain undeveloped. I was reading an essay by [diplomat



Jimmy Carter and Hugh Desmond Hoyte

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and writer] Octavio Paz recently in which he drew the distinction between development and privatization, pointing to the fact that in many Latin American countries you had enormous development—huge palatial buildings on the one hand, but on the other hand, barrios juxtaposed with this demonstration of opulence. Hence the relevance, I think, of the Guyana development strategy. We need to have a strategy that would ensure the balanced development of our country so some of the issues raised by President Jagan in his address this morning about “development with a human face” could be realized in a very structured way.

Lessons From the Past

We have had the experience of previous plans. In the 1960s there was a development plan devised by the late economist Arthur Lewis. Later, there was one devised by a few Guyanese, so the Guyanese ego was satisfied there was a plan devised by a Guyanese for the Guyanese. There are some lessons we could learn from

the failure of those plans. First, there was an insufficiency of data. The data just were not there. Also, the goals were not realistic and could not be. For one, nobody was sure where the resources were going to come from to implement these schemes. Those development plans did not succeed because, as Dr. Jagan said, "No country is an island," no economy is an island. One needs to take into account the international milieu in which these plans are being devised. We cannot ignore the geopolitics of our regions and of the world because resources have to come in from somewhere, and we have some leeway to decide which strategic partners we are going to work with in the realization of a plan. The greatest failure was our neglect to forge a national consensus for these plans.

The Necessity of National Consensus

I do believe, therefore, that a basic condition for the success of this development strategy that we are talking about this morning is getting a national consensus in Guyana, which is multicultural and multireligious and is based on social cohesion. Some people say national unity or national amity, but we all get the idea: a society, regardless of the societal and cultural mix, that accepts broad directions for itself and that is willing to work together because people see in that strategy something for themselves. That is the key to the whole thing.

"I am emphasizing the need for the involvement of people, for mechanisms to be put in place to keep them informed about what we are doing, why we are doing it, and if there are changes to be made, why these changes are being made."

I don't think people are going to be enthused if you tell them about Gross Domestic Product (GDP) or fiscal deficits and balance of payments in that sort of esoteric language. They will shake their heads not understanding what you are saying and certainly not empathizing with the goals and objectives of the plan. As I understand it, when the volumes are completed, they will be distrib-

uted widely, and people will have an opportunity to discuss what is in the strategy. My criticism was that perhaps it might have been better if some of the interest groups had been involved. Having said that, I again feel that people are important. I have no problem with Dr. Jagan's views on this here; he talks frequently about a people-oriented strategy and things like that. People will have to be the implementors, the ultimate beneficiaries of it, and therefore, the conceptualizers of the strategy. So in everything I am saying this morning, I am emphasizing the need for the involvement of people, for mechanisms to be put in place to keep them informed about what we are doing, why we are doing it, and if there are changes to be made, why these changes are being made.

One of the deficiencies of all the economic plans we had is that people didn't see each plan as a continuation of a dynamic process that required people to be educated all the time about what was happening to that particular plan. Having delivered a plan, people felt they had done their duty, and the plan became something like "the law, the means, and the purchase;" it could not be changed because it was a sacred tablet.

In the document given to us, the overriding strategy objective, quoting from the president of our country, says, "The progressive realization of the possibilities, capabilities, abilities, and talents of each individual or his or her own satisfaction and enhancement of the social good including the environment." Now I would have argued for an overriding objective that is more specific, which would say something like: "We are opting for an open society, that the development strategy must aim at achieving a free and open society based on democratic values, a productive society, and a society in which entrepreneurial talent is encouraged and developed and rewarded." This brings me back to my belief that we are talking about the development of Guyana through entrepreneurship, through private capital, through private initiative, and through the involvement of technology and investment and, of course, human resources.

Training and Education

I would now like to offer some specific suggestions for consideration as to what might successfully be included in the development strategy. People have been

emigrating for a while, and the sad thing is, they are still emigrating at a very rapid rate. They are leaving legally and illegally. So something is wrong somewhere and we have to have as one of the development strategy programs something that will keep them at home. I believe that education and training become critical. That might sound self-evident, but I am arguing for a change in our approach to education, the totality of our educational system. Too many young people are being denied the opportunity to develop their talents, which they undoubtedly possess.

“... We should achieve a consensus on measurable parameters and targets that we are going to monitor continuously so we know when we are going off target.”

I will give you an example from my own experience. I used to have a driver who was an intelligent young man. Every time I went to my car he was peering at my engine, so obviously he was interested in engines. As so many young people, he emigrated to the United States. He kept in touch with me, sometimes through the telephone, sometimes he would write. One day he told me he got a job with General Motors, and he was training to service computerized engines. Now he never could have acquired those skills in Guyana because our government technical institute would require of him so many exams. My contention is that we need to devise a system of hands-on training that will make use of the intelligence of thousands of young people who do not have any formal college education, who haven't got what is popularly called in Guyana “the piece of paper.”

Institutional Capacity

This now brings me to the question of institutions. This development strategy will have to be implemented by people, and I hope we will be able to build into it the institutions we need for carrying out the strategy. I am not talking about the kind of ad hoc, haphazard approach that we get from the international financial agencies where they say, “OK, we're going to give you a

loan for the agricultural sector, but you need institutional strengthening.” You get institutional strengthening in a way that is not coordinated or completed. What I am arguing for is a look at the total development strategy and the institutions we need nationally to carry that strategy to fruition, whatever that will be. And, of course, we have to find the people, so development of human capital becomes very important.

We are going to have to swallow some bitter pills. In the initial stages, we are going to have to pay people salaries that might be out of keeping with the national norm. We are going to have to employ non-nationals, hopefully on contract. We are going to need people who are trained, who are going to help move things forward. At present we don't have enough of those people in Guyana, so I would like to suggest that we build into the strategy something to create a pool of human resources. And I am talking about a whole range of skills: artisans, carpenters, mechanics, people that, if the economy gets going, will become very important in carrying out the programs.

Recommended Considerations

There are one or two other points I would like to make. One is that we should achieve a consensus on measurable parameters and targets that we are going to monitor continuously so we know when we are going off target. We have to have a monitoring mechanism for the development process that will tell us how we are doing and give us early warning when we go off course. We also need a consensus on macroeconomic constraints.

If we are developing as a nation, there are certain things we can't have. We can't have wages rising in a very unrestrained way, so in this “social compact,” there ought to be some understanding with our society, with the trade unions, as to what will happen. We cannot have wages rising in an unrestrained way until the economy chooses to grow and revenues become larger. If people say from the outset, “We do not care about our development strategy, we don't care about goals and objectives, we are going to withhold our labor until you give us a 100 percent increase in income,” we are dead in the water. This brings me back to the point I was making about continuous education, bringing people aboard this development process.

Bharrat Jagdeo (second from left), senior finance minister of Guyana; Cheddi Jagan, president of Guyana; Jimmy Carter, former U.S. president; John Hardman, executive director of The Carter Center; Gordon Streeb, director of the Center's Global Development Initiative; and Roger Norton, GDI team leader and economic advisor to Guyana's Ministry of Finance, listen as former Guyana President Desmond Hoyte (left) gives his keynote address.



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The idea should be spelled out that this is a very dynamic process. We therefore are going to have to be very flexible about it, and we are going to have to respond to some imponderables that we might not have thought about in our society, some developments nationally and internationally that will cause us to change targets, change directions, even change and adjust policies in light of the realities of our country.

Finally, development—and this is a cliché and forgive me for saying it—is about the people and the circumstances of Guyana. There is no way we could put people in a straitjacket of formal logic. Economists, planners, managers, they have their own logic that is dictated by their disciplines. When you are dealing with the masses of people, they do not necessarily accept the logic of the technical people. If I might adopt a statement by a famous American jurist, I would say that the life of the development process is not logic but experi-

ence. It is this experience, which we gather as we attempt to implement this development strategy, that we have to rely on to guide us.

Finally, we are not talking about just any development strategy but about a development strategy for a democratic society. Within recent times I have been quoting a definition of democracy I came across recently by John Rusell Lewis, who said: “Democracy is a system, no matter what the categorization of the government, in which every man has a chance and knows that he has a chance.” Adapting that, I would say that a development strategy ultimately must be able to give to every Guyanese citizen a belief, a conviction, that he personally has a chance to develop individually in the context of all the arrangements we are putting in place, that he has a chance to develop within his community, and that he has a chance to develop with his country.” ■

Summary of Remarks by the Honorable Bharrat Jagdeo, Senior Minister of Finance for Guyana

The Honorable Bharrat Jagdeo, senior minister of finance, and Dr. Roger Norton, GDI team leader and economic advisor to the Ministry of Finance, have been closely involved in monitoring and guiding the practical policy issues throughout the strategy exercise. A summary follows of the points both men made during their addresses to Advisory Group Meeting participants. Dr. Norton spoke of the importance of broad-based participation in the form of working groups as a means to overcome many of the obstacles facing this type of initiative. Minister Jagdeo looked to the future, offering his thoughts on the issues facing the implementation of the National Development Strategy (NDS).

In his comments, Minister Jagdeo offered the insights of the top-level government official charged with coordinating and implementing development policies and programs in his country. Minister Jagdeo made two fundamental points and established the often unappreciated cause-and-effect relationship between them. The two points, both of which re-emerged throughout the day's discussions, were:

- 1) lack of coordination between donors, both in the projects they pursue and the conditionalities they introduce, and
- 2) the limited capacity of many developing countries to effectively absorb available resources.

Capacity Building

Minister Jagdeo illuminated the problem of the lack of capacity in his country by examining the critical question of legislative reform. Guyana suffers from a tremendous backlog of legislation, some of which dates back as far as 1958. Not surprisingly, many of the policy recommendations put forth in the NDS will require new or amended legislation. Significant legislative reform is imperative to equip Guyana's institutions with the legal basis for policy changes. However, improvements in this area have proven to be exceptionally difficult as Guyana currently has only one legal draftsman.

Minister Jagdeo outlined a straightforward solution to this problem that potentially could provide an alternative avenue for development assistance. First, he discussed the creation of a legislative working group, based on the working group model used in drafting the NDS. This group could organize the backlog of legislation in Guyana and draw out legislative recommendations put forth in the NDS to prioritize the outstanding work. Next, a system could be established to correlate necessary legislative reforms with sectoral projects, for

which such reforms are needed, and include them as a component in the request for technical assistance. This not only would alleviate the significant legislative burden the country now faces, but it also would ensure that advancements made as a result of development assistance are not rendered ineffective by outdated legislation. Organizations such as the American Bar Association, which already has offered its assistance, also could be solicited to help address the specific areas that have been identified as priorities.

Technical Assistance and Conditionalities

Technical assistance, while a crucial ingredient in the overall development plan of the country, clearly is in need of significant reform. Guyana must confront the debilitating reality of a civil service forced to perform with merely 40 percent of its skilled positions filled. Donor agencies with the best of intentions offer technical assistance in the form of reports and recommendations, which alone inspire very little change if only because there is insufficient manpower to turn the suggestions into action plans. Minister Jagdeo contended

that technical assistance programs designed to identify a problem, develop a specific action plan to address it, and then aid in its implementation would be the most effective way for donors to assist lesser developed countries and the most efficient use of donor funds.

Finally, Minister Jagdeo raised the issue of uncoordinated and often misguided conditionalities that accompany many badly needed loans. He did not dispute the general need for conditionalities, but rather stated, “They are designed in such a way that they do not take account of the limited resources that are available to government; rather than focus on a few major policy issues, they focus on many small things that are very time-consuming and that delay the implementation of the project.”

Particularly, Minister Jagdeo pointed to instances in which an entire loan was delayed because a single facet of a conditionality—for example, the privatization of one small company—was not being met. In these cases, Minister Jagdeo argued, it is important to evaluate the overall direction the country has taken in key issues such as privatization. Furthermore, the conditionalities of different donors often are in direct conflict with each other, making it impossible for the government to meet the range of demands being placed upon it. This suggests that lack of absorptive capacity is not the whole truth for Guyana and many other developing countries. The complexity of loan conditionalities directly influences the effectiveness of the loan itself.

In its current form, the NDS places a strong

“... Lack of absorptive capacity is not the whole truth for Guyana and many other developing countries. The complexity of loan conditionalities directly influences the effectiveness of the loan itself.”

emphasis on encouraging privatization and private investment as a means to promote economic growth and strengthen the infrastructure. Minister Jagdeo predicted, however, that even if the recommendations put forth in the NDS are implemented in full, private investment will not immediately fill the tremendous need for development assistance in Guyana. Continued donor efforts will be critical in responding to immediate needs as well as in laying the groundwork for an improved investment climate. The importance of increasing the effectiveness of aid therefore remains an urgent priority. As a possible solution, Minister Jagdeo conveyed his hope that donors would consider targeting the majority of their funding toward the priorities identified in one sector, rather than fragmenting their lending and creating cross-sectoral conditionalities that are logistically impossible to coordinate and manage. This would not only require a re-evaluation of donor operating procedures but also an acceptance of Guyana’s priorities—as laid out in the NDS—and an incorporation of those priorities into donors’ country assistance programs. ■

Summary of Remarks by Dr. Roger Norton, GDI Team Leader and Economic Advisor to the Ministry of Finance

Dr. Norton examined the process driving the National Development Strategy (NDS) and the implications it holds for success. His comments covered both the role popular participation plays in a development strategy exercise as well as the place a document such as the NDS occupies in development planning based on his over 25 years of experience.

The project in Guyana represents a unique effort in that its goal is to maximize two different but complementary facets of participation. First, an exercise such as this requires the active participation of the country in defining its own economic programs, thereby taking charge of its own future direction and development priorities. Second, the creation of technical working groups ensures broad-based participation within the country throughout the process.

The Role of the Technical Working Groups

While the concept of Technical Working Groups (TWGs) is not unprecedented in a strategy planning exercise, the project's scale and the broad-based nature of participation made this a somewhat unusual effort.

Dr. Norton persuasively argued that TWGs are crucial to the ultimate success of a development planning exercise as well as implementation of the strategy recommendations that emerge. He highlighted the six major strengths of TWGs:

- They include a variety of actors that leads to more complete development of ideas.

- They offer a technical mechanism to engage people working on issues outside government who will be instrumental in their successful implementation.

- By cutting across political barriers and bringing people from all political persuasions into the process, without placing formal emphasis on party affiliation, strong TWGs increase the likelihood of implementation by reducing the partisan nature of the document. They also improve the likelihood that policies will remain intact over time, even if governments change.

- By encouraging traditionally antagonistic interest groups to work together, TWGs effectively foster consensus-building in formerly contentious areas.

- From TWGs, informal advocacy groups often emerge that can continue to promote policy changes.

- After their recommendations have been drafted, TWGs are likely resources for the implementation phase, either as advisory committees or monitoring agents, that can be used to increase the government's capacity to follow through on proposals.

Leadership

The Guyana initiative highlights the potential strengths of the working groups, but their effectiveness would have been severely curtailed if not for the strong leadership at the top political level. Both President Jagan and Minister Jagdeo were instrumental in motivating the working groups and in encouraging them to push beyond current policy to arrive at fresh ideas and new possibilities. Equally important were the practical concerns of ensuring that the groups were looking at all the issues and that proper consideration was being given to micro- and macrocoordination within and between sectors.

The Technical Coordinating Committee (TCC), the executive-level advisory body for TWGs, was created to fill some of the gaps in the chapters, assist TWGs that were experiencing difficulties, and promote consistency between chapters. This is an extremely important and time-consuming enterprise, making the existence of the TCC critical for secure leadership and guidance.

Implementation

Implementation of policies presented in the draft NDS has three separate but equally important potential channels. The first, more traditional option is investment projects. The second is administrative change, which includes overall and sectoral prioritization and the redirection of funding. The third option recognizes that

for fundamental policy reform to be realized, the legislative system will have to undergo serious and extensive reforms. If implementation is to succeed, advances will have to be made in all three areas.

According to Dr. Norton, “This kind of strategy tries to fill a gap that sometimes occurs in development programs ... the gap of sector-level policies and priorities.” A weakness that often arises in development planning is the premature leap from the establishment of a macrostabilization framework to specific projects at the field level without necessary consideration given to a sector-level policy framework. Until there is a permanent mechanism, with permanent funding for maintenance, that facilitates sound, coordinated, technically competent sectoral policy, donor-supported projects will not achieve their desired long-term payoff.

It is here that a newly emerging role for donors most clearly can be seen. Of course, it is accepted that establishing conditionalities has the best of intentions, namely to ensure the successful and timely implementation of an agreed upon plan. However, enforcing conditionalities when a holistic framework is not in place to address them only undermines their original intention. It

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would be very effective if instead conditionality took the form of requiring the implementation of the government's own program—in this case, the key elements of this kind of strategy. In such a scenario, donors and governments together would agree upon what the goals should be, with the conditionalities acting as reminders to continue to move forward rather than as obstacles to meaningful advances. ■

Discussion

“I know, because I was here at the very first meeting in 1992 to discuss this Global Development Initiative, that this is nothing less than a model for the rest of the world. We want to pursue that model, and we have to take the lessons we learn in Guyana and apply them much more widely—in particular, in encouraging donor coordination but also in the lessons being learned through the method of popular participation in the development process.” —Brian Atwood, USAID

The purpose of the Advisory Group Meeting was to consider Guyana’s National Development Strategy (NDS) effort as an alternative methodology for planning international development assistance and, based on this discussion, draw conclusions on what it suggests for enhancing development cooperation more generally. Following the main presentations, the participants focused on the preconditions necessary for an initiative such as Guyana’s, the factors critical to ensuring sustainable implementation, and the key principles and elements of Guyana’s methodology that should be translated elsewhere.

Preconditions

One major motivation for a holistic, intersectoral strategy document is to deepen the economic policy framework and lay out critical investment, budgetary, and legislative programs for the medium and long term. Not only is this critical for the smooth functioning of institutions, but it also is key to attracting foreign investors who typically are wary of varying or unclear policies, particularly as they affect investment. Equally important is the formative role this type of exercise can play in strengthening a country’s democratic ethic and repairing the national fabric that has been torn by historical conflict, inequality, and underdevelopment. While it is clear that a wide range of countries with varied histories and political, social, or economic realities potentially could benefit from undergoing this type of exercise, the participants suggested that in examining the case in Guyana, certain preconditions existed that may have contributed to the exercise’s chances for success.

Armeane Choksi of the World Bank raised the issue of macroeconomic stability as one such precondition, arguing that for an effort such as Guyana’s to have been feasible, a widely accepted, basic macroeconomic policy structure needed to be in place. In the case of Guyana, Mr. Choksi pointed to the successful introduction of a structural adjustment program as such a macroeconomic structure, which contributed to the 6- to 7-percent growth experienced in the last few years and helped create an economic climate conducive to long-term development planning.

Complementary to a stable macroeconomic platform is the existence of a legitimate government and political system. Strong political leadership is necessary for a full range of interest groups to be invited into the planning process and to push the program through. This leadership must be committed to fostering broad-based public support and good will or else its invitation to others to participate may not be accepted. Also, if the state has a history of authoritarianism and disrespect for basic human rights, it is unlikely that a skeptical civil society will respond to the initiative unless these issues somehow are addressed within a national dialogue before discussion of development planning takes place.

The Relationship Between Participation and Sustainability

“We have seen an increase in tensions that result from ethnic, racial, and religious differences, and we must find ways to get beyond those differences if the development process is to be sustainable. The approach here in Guyana, in particular getting the people of the country involved in the process in order to develop a consensus, is absolutely essential.” —Brian Atwood, USAID

For the development community, the concept of sustainability has become the guiding principle of nearly all development activity in recent years. Several participants noted changes their agencies have made to foster greater recipient-country participation in project development and execution. Mr. Choksi, for instance, illus-

In practice, the sustainability of a large-scale initiative such as the one undertaken in Guyana is a function of several different factors working in conjunction: methodology that promotes broad-based participation and ownership; technical soundness of the policies proposed; integrated, holistic treatment of issues and analysis of the trade-offs associated with various courses of action; and government commitment to both the process and the product.

trated the increasingly participatory nature of the World Bank's Country Assistance Strategy (CAS), which now draws input from a variety of actors including NGOs, academicians, entrepreneurs, and community organization leaders.

For the most part, discussions of sustainability have divided the concept into two general categories. The first highlights the need for a policy's or activity's long-term impact to be factored into development planning to ensure that it does not exceed the capacity of the system into which it has been introduced. Originally focusing on impacts on environmental systems, this first category of sustainability has expanded to include interrelated economic, political, and social systems as well. The second category deals simply with whether an initiative catalyzed by a government, NGO, international development agency, or indigenous group will be capable of continuing on by the force of its own momentum and on the strength of its internal cohesion once that catalyst withdraws from the process. The Advisory Group Meeting, which was an opportunity to evaluate the process by which Guyana's draft NDS was developed rather than to rate the specific policies therein, focused discussion more on the latter concept of sustainability.

In practice, the sustainability of a large-scale initiative such as the one undertaken in Guyana is a function of several different factors working in conjunction: methodology that promotes broad-based participation and ownership; technical soundness of the policies proposed; integrated, holistic treatment of issues and

analysis of the trade-offs associated with various courses of action; and government commitment to both the process and the product. While each factor should be appreciated individually, their interrelated nature should not be neglected in the final estimation of the role they play in the overall sustainability of the initiative.

The most fundamental, often discussed aspect of the Guyana model's sustainability is its participatory methodology. As Dr. Roger Norton explained in his opening address, the Guyana exercise has been highly participatory in two different but equally important ways. The first, national participation, refers to the ability of the country to take greater responsibility for defining its own priorities and charting its own development path. Too often these decisions are made according to the prescription of the major international donor and lending agencies and the projects they choose to undertake rather than according to the will of the government or the people it represents. Opinions may vary as to whether or not a donor-driven agenda represents a skewed perception of the actual needs of a developing country. Regardless, meeting participants agreed that a strategy resulting from a government-driven process inevitably will enjoy greater legitimacy within the country and potentially will result in a stronger government commitment to the basic reforms cited as necessary for development.

As Mr. Choksi stated, "The single most important ingredient for successful implementation of programs and policies is government ownership and commitment ... The initiative that [The Carter Center] has undertaken is clearly designed to enhance government ownership and commitment, and we see it as a major step forward from what we have seen done elsewhere. To the extent that this does in fact result in the successful implementation of the program and policies, this project should be viewed as a success. It would be very hard to argue that policies and programs designed by bilateral or multilateral donors are more likely to be implemented. In fact, experience shows exactly the opposite is true."

The Guyana initiative has also precipitated broad-based public participation by more than 200 Guyanese from all different sectors and political affiliations into a national policy-planning process. The extensive use of working groups in drafting the NDS sets a standard of participation not entirely common in development

Aileen Marshall (left) of the Global Coalition for Africa, Michael Jancoes of the World Health Organization, and Pat Rosenfeld of the Carnegie Corporation of New York listen while Christopher Ram of C. Ram & Company of Guyana speaks during the Advisory Group Meeting.



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planning but potentially critical to the final success of the exercise. As Caroline Long of InterAction pointed out, “The inclusion of civil society actors who are not just being consulted but

are being engaged over a long period of time in working groups is an important distinction. Often people are consulted for their views, and then the planners go away, so the act of participation bears little fruit. But when civil society actors are engaged over time in joint working groups, relationships are established, trust is developed, and their inclusion in the process really does bear fruit.”

As the background paper for the meeting pointed out, this relationship is difficult to initiate and sustain, and the process in Guyana exhibited mixed results. Nevertheless, working groups of greatly varied constituencies were able to arrive at consensus on policy recommendations, and in areas where consensus remains elusive, a continued process of consultation will allow remaining differences to be addressed. Continuing this consultation process throughout the implementation stages, preferably through the working groups, was cited as critical to the process.

A highly inclusive process increases the sustainability of a development initiative in other ways as well. Absorbing the perspectives of those directly affected by the issues but who are outside the standard body of decision-makers allows for a more comprehensive study

of the problems at hand, their potential solutions, and their importance in relation to one another. The sense of national ownership created by broad-based participation is fundamental to establishing the plan’s broad legitimacy and can decrease the likelihood that an externalized factor later will surface to undermine the policies. Fostering that sense of ownership may even encourage the development of advocacy groups that can monitor progress made in specific areas and provide the necessary push if government commitment begins to wane.

Likewise, participation was raised as a crucial factor in developing the sense of empowerment and personal agency that allows potentially violent conflict to be resolved through legitimate processes within the political arena. In societies in which tension is fueled by a sense of structural disempowerment or historical discrimination, violent conflict is at times the eventual outcome for individuals or groups who feel they have no other recourse. Given the devastating effects this has had on many developing countries around the world, incorporating a conflict prevention ideology into development activity is becoming increasingly important. If conflict is to be effectively diffused, open dialogue among those

traditionally opposed and meaningful input in the decision-making process on a national level are essential. Insofar as it has done this successfully, the Guyana model can be understood as a development mediation methodology and a mechanism of conflict prevention. Adopting this approach offers the flexibility to address perennial development pitfalls such as continued exclusion from the benefits of economic reform felt by traditionally poor and marginalized groups, the imperfection of many democracies in the access to decision-making they provide, and the often wildly unrealistic expectations of the benefits of democracy and market reforms, before they explode into socially destabilizing conflict. According to Aileen Marshall of the Global Coalition for Africa, “This process ... could indeed be a very good conflict prevention mechanism to the extent that various groups in society feel that they have a voice, that they have a means of being a part of the process of development and of defining a development strategy. It is likely to reduce tensions and perhaps result in more equitable development.”

“This process ... could indeed be a very good conflict prevention mechanism to the extent that various groups in society feel that they have a voice, that they have a means of being a part of the process of development and of defining a development strategy. It is likely to reduce tensions and perhaps result in more equitable development.”—Aileen Marshall

Certainly this process will not completely eradicate tension in any society, but it has the potential to channel dangerously volatile tensions into legitimate processes of resolution. In so doing, it also can improve government accountability to an increasingly mobilized population, which could make a positive and lasting impact on the governance in the country.

The more operational mechanisms to encourage sustainability of an exercise are equally important to keeping the process running smoothly and ensuring a positive outcome. If a very high level of participation is uncommon in most planning exercises of such magnitude,

it most likely is due to the extreme difficulty in coordinating the establishment of and the recommendations drafted by so many different groups. A strong coordinating body is essential for maintaining a high standard of work as well as helping to overcome the inevitable logistical obstacles that arise in such a process. Equally important, however, is the universal acceptance that the process is going to be a slow one. The focus in this type of development planning, therefore, must start to weigh equally both process and output-related objectives.

Thoughts on Implementation

While the strategy unquestionably will serve as a basic reference point in discussions of economic policy in Guyana for years to come, a primary concern remains whether or not the plan will be implemented successfully after it is finalized. Participants therefore discussed several practical measures to facilitate smooth and successful implementation. Significant attention also was given to the implications that implementing the NDS will have for standard development practices, particularly in the functional relationship between the country and the donors and the operational practices within the donor agencies themselves.

It generally was agreed that establishing priorities and a sequenced timetable by which to pursue the policies and activities outlined in the NDS must be the next critical step in the exercise. While each chapter did an admirable job in highlighting key concerns and crucial changes needed in the sector, an overall implementation plan must set out an intersectoral, prioritized road map. Ciro de Falco of the Inter-American Development Bank explained, “Instead of doing everything at once, Guyana should clarify what it is going to do first, and therefore will have to make some judgment about what is more important.” Designing the implementation timetable will necessarily include consideration of efforts to strengthen the state’s capacity to carry out changes and coordinate donors’ activities to best utilize their resources and avoid duplication.

After the policy priorities have been decided, mechanisms for monitoring progress must be established. The system of monitoring may, as Carlos Costa of the European Commission suggested, take the form of a ministry responsible for evaluating the feasibility, sustainability, and consistency of the policies and for

Attendance at the Advisory Group Meeting reflected wide interest in Guyana's National Development Strategy. Participants included Kari Nordheim-Larsen of the Norwegian Ministry of Development Cooperation, Armeane Choski of the World Bank, David Hamburg of the Carnegie Corporation of New York, Samuel Itam of the International Monetary Fund, Carlos Costa of the European Commission, Carolyn Long of InterAction, Hans Brattskar of the Norwegian Ministry of Development Cooperation, and Mark Schneider of the U.S. Agency for International Development.



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recommending adaptations as necessary. Former President Hugh Desmond Hoyte also stressed the importance of constantly re-evaluating the NDS over time to ensure that policies are adjusted according to changing needs and circumstances. Rigorous monitoring of progress will help ensure the process remains on track, unexpected contingencies are accounted for, and any necessary adjustments are made. At the very least, an implementation unit, similar to the one formed to draft the NDS, could be created to monitor the quality and pace of the work being done, ensure government accountability, keep the public informed and engaged in the process, and instigate public dialogue when re-evaluation of the policies is necessary.

In addition to these more practical concerns, the implementation process also will reflect the partnership and coordination that is fostered between government and donors and among donors themselves. The impetus for creating GDI was the need to increase the coordination of development assistance, and that remains a central purpose of the exercise and a concern of all those involved. Many meeting participants agreed that the Guyana exercise makes important strides toward the goal of greater development coordination to the extent it

leads to clear articulation of policy and priorities. In Guyana, as in many other developing countries, the absence of a clear policy framework often has led to incongruous development efforts on the part of donors and to an unfriendly environment for potential private investment. Mr. Costa, noting the difficulty in introducing effective development aid into the policy vacuum of many developing countries, explained, "An initiative like this one is very welcome because it is an important step toward establishing a strategy and policies that are badly needed for continuing [donor] support."

Particularly significant about this exercise, however, is not simply that it results in a comprehensive policy framework, but that the process by which the framework was generated has the potential to foster a level of government commitment that is often absent in donor-driven plans. To a certain degree, governments' desire to distance themselves from donor directives is understandable. As President Carter pointed out during his address, introducing the policies of the major international lending agencies can be politically suicidal for government officials. Since they are the conditions upon which aid is granted, however, governments' ability to decline is severely restricted. Obviously, this is not the best scenario

for developing country governments, and it has not proven conducive to maximizing donor activity effectiveness. Once the loans are in place, it is difficult to depend on the degree of government commitment necessary to follow through on the complex agreements. Within a framework such as the NDS, the government, with input from its constituents and from donor agencies, determines its own development directives and the time frame in which specific goals should be reached. This results in more realistic, better understood, and more widely accepted objectives as well as stronger government commitment to and responsibility for them.

If donors aligned their activities with NDS policies, the Ministry of Finance could better coordinate and direct donor activity, and aid effectiveness would be advanced by applying it in a systematic manner to achieve long-term goals.

Given the soundness of the policies contained in the NDS and the agreement among the participants that government ownership of the strategy increases the likelihood of successful implementation, President Carter suggested donors take an active role in supporting the NDS by targeting their efforts toward its implementation. This would require that donors review the document and the policy priorities it presents and shape their activities accordingly. If donors aligned their activities with NDS policies, the Ministry of Finance could better coordinate and direct donor activity, and aid effectiveness would be advanced by applying it in a systematic manner to achieve long-term goals. Mr. de Falco echoed President Carter's call for greater coordination, citing the outrageous imposition placed by countless meetings with donor organization representatives on the finance minister's time. Better coordination would allow donors to consolidate their questions and concerns into a common outline to be

presented to the minister for discussion. Mr. de Falco also suggested the possibility of sharing the cost of project preparation to reduce the need for duplicative studies and to allow for a greater percentage of results-oriented activities. It further was proposed that a formal consultative group or donor support group would be an effective mechanism to improve donor coordination and collaboration with Guyana.¹

Improved integration and involvement of NGOs marks another element of enhanced cooperation that results from a clearly articulated policy framework. NGOs play a critical role in delivering important services, organizing groups of individuals with common interests or aims, and providing resources and education. Existing outside the government bureaucracy allows them freedom in the activities they pursue and flexibility to respond quickly to expressed needs, making them potentially important actors in the implementation of the country's development plan. Unfortunately, as some participants noted, NGOs often suffer from the same lack of coordination that plagues the larger donors. Particularly in countries where there is a large NGO population, organizations often engage in activities without having a clear picture of what others around them are doing or what the country's own development priorities may be, and organizations have not had the opportunity to contribute their unique knowledge and experience in the creation of those priorities. This leads to a situation in which NGOs may be engaged in activities that duplicate the work of others and are unable to foster appropriate linkages between the efforts of communities and of local, regional, and national governments. As Kari Nordheim-Larsen of the Norwegian Ministry of Development Cooperation pointed out, some countries' needs are so great it is not advisable to suspend positive NGO activities simply because they may be duplicative or because they exist outside the specific parameters of a national development plan. Particularly encouraging about the NDS exercise in Guyana is that a number of NGOs participated in crafting the policies, creating a basis for informed, coordinated action in support of implementation.

¹In fact, such a consultative group exists, the Caribbean Group for Cooperation and Economic Development. This body has been important in its function as a forum for discussing progress on the NDS. In addition, the United Nations Development Program leads donor coordination efforts in Guyana. The World Bank and the International Monetary Fund, however, have no local representatives, which hampers local coordination efforts. Mechanisms need to be strengthened in this area, and the Government of Guyana's submission of the NDS as a central coordinating document should be effective in reinvigorating the coordinating bodies.

Stephen Olsen (left), director of the Coastal Resources Center at the University of Rhode Island; Roger Norton, The Carter Center's team leader in Guyana; and Cheddi Jagan, president of Guyana; greet one another between sessions of the Advisory Group Meeting.

Issues To Consider in Reshaping the Public Sector/Private Sector Relationship

“The success of aid critically depends upon the ability of governments to integrate it into their own development strategies and management; most of the problems of aid effectiveness ... are clearly attributable to and have their origin in the breakdown of governments’ functions. And that means you have a paradox in the aid policies of many industrialized countries: If you want to have either a strong private sector or a viable civil society, it is going to be necessary to increase governments’ capacities.”—John Sewell, Overseas Development Council

Very often, aid discussion focuses on its efficacy in bringing about rational economic policies, particularly in reducing the state’s role in the economy. Structural adjustment programs, which promote rapid privatization, reduce subsidization of public services, and streamline government agencies, become the conditions upon which lending is based. This is done with the belief that the private sector is a more efficient allocator of resources for economic growth than the state. With the benefit of the vast portfolio of experience now at the disposal of development planners, however, it has become increasingly clear that a balance must be struck between supporting private sector-led growth and public sector-led development.

“Certainly if you are going to have a private sector-driven strategy, you cannot succeed without the public sector. Why is that? It is not only because the public sector provides a regulatory and human resource base for growth,” explained Mr. de Falco, but also because successful development depends on “the state’s ability to implement the strategy, particularly its ability to implement projects and policy change.” The private sector very well may be the best catalyst for growth in a developing economy, but it is the role of a strong public sector to



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manage and guide the development process. It is the responsibility of the international organizations that support movement toward private sector-led growth, then, to help developing country governments strengthen their capacity to carry out necessary reforms.

Mr. de Falco stressed the importance of modernizing the state and improving the efficiency of ministries. Currently, he believes one of the most serious repercussions of ineffective state structure is that many developing countries are carrying millions of dollars of undisbursed balances. Not only does this suggest to donors that the government is incapable of implementing projects in a timely manner, but it means badly needed projects are not being completed and the possibility of securing future loans is threatened.

Minister Jagdeo, suggested that a lack of government capacity may not be the entire truth in every case of undisbursed balances and stalled donor projects. Often what appears to be ministerial inefficiency in executing projects actually is a result of the vast amount of time staff spend fulfilling conditionalities on loans before the project can be initiated. Support of the public sector need not focus singularly on modernizing the state and streamlining the ministries, but should reconsider how loan conditionalities currently are established and how they could be made more useful. As Dr. Norton contended in his address, “It is very

effective if conditionality takes the form of requiring the implementation of the government's own program—in this case the key elements of the strategy—because then, the donors and recipient countries are ... agreeing on what the goals should be, and the conditionality is a reminder that you really need to move forward.” This simplifies the relationship between the donor agencies and the government. It also allows the government to better serve as a regulatory enabler of the private sector and reduces the likelihood that loans will remain undisbursed.

The Role of a Neutral Third Party in Development Planning

“We need to foster a range of third-party interventions that can be useful, not dominating or intrusive, that facilitate the exchange of the world’s intellectual, technical, and moral resources to address these problems in a way that is cooperative with LDCs [least developed countries].”—David Hamburg, Carnegie Corporation of New York

The meeting's participants agreed that the role of a neutral third party was a truly novel aspect of the Guyana exercise. Certainly there have been other initiatives with a similar objective of broad participation and other attempts to increase coordination between governments and donors. But the comparative advantage of The Carter Center in this exercise was its neutrality in the relationship between the donors and the government as well as between the government and the various interest groups within the country.²

While major international donor agencies often have bemoaned the lack of consistent and clearly articulated policies in developing countries, their governments consistently accuse donors of forcing their own agendas whether or not they are appropriate and without regard for their political and cultural ramifications, often causing the development process to face debilitating stalemates. Donor agencies cite concern for technical quality as their main

justification for not involving host countries more in the process of designing policy programs. A mutually respected third party actor who can assure the technical quality of the policy framework therefore is critical to promoting donor buy-in to a country-generated policy framework. In addition, the neutrality of the technical assistance a third party offers during the development of the policy framework is necessary for the government to maintain control over output and to develop the sense of ownership that was identified as a critical aspect of the process. Undergoing this exercise and developing a policy framework of high technical standards places the government in a better position to bargain with donors. Once the NDS is completed and accepted by all sides, the government has a guarantee that, as long as the conditions set out in the framework are met, the donor community will assist in its implementation as directed. Ultimately, both the donor community and the government have a stake in promoting understanding of their positions and motivations, and a respected, neutral third party can facilitate a dialogue that has proven difficult to instigate in the past.

Considering the difficulty in brokering such a complex relationship, participants raised concerns that The Carter Center's effectiveness largely has been due to the legitimacy and international influence of President Carter. While acknowledging this concern, President Carter encouraged other organizations to undertake similar initiatives, just as GDI will continue to work in Guyana and other developing countries. As the body of experience and knowledge expands, success will be less the result of a respected figurehead and more the consequence of a sound process that can channel disparate groups toward innovative solutions to complex problems. Third-party facilitation has a role in development planning, but that role is not the sole property of The Carter Center. President Carter therefore concluded the meeting with an appeal to all those present to remain engaged in the active pursuit of the goals discussed and to undertake their own initiatives or forge partnerships with those who already have. ■

² While the distinction was not made directly during the course of the meeting, the role of a third party in this exercise actually was twofold. First was the role a third party plays in facilitating the relationship between donors and the government, as discussed in this section. The second was the mediating role a third party inevitably plays between the government and the various interest groups involved in the process (and at times, between the interest groups themselves). Although the latter was not explored during the day's discussion, The Carter Center believes it is an important facet of third-party involvement requiring closer examination. Further discussion of a third-party role within the country is pursued in the “Lessons Learned” section of this report.

Update

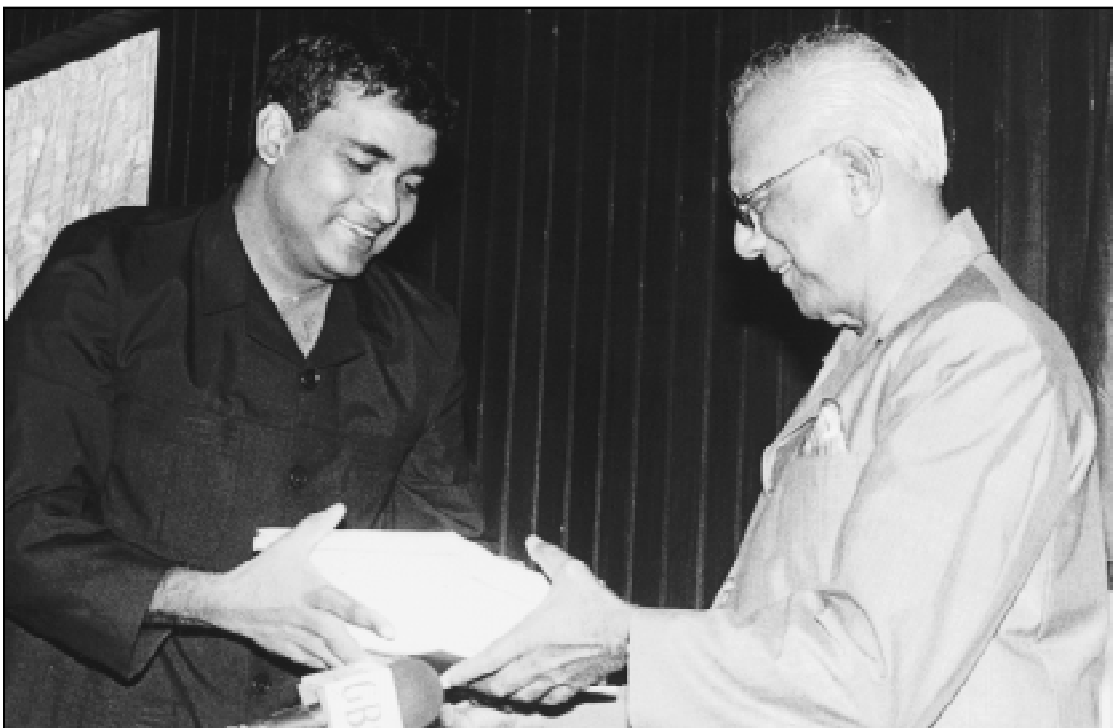
In January 1997, the Government of Guyana launched the draft National Development Strategy (NDS) for public review. At the launching ceremony President Cheddi Jagan stated that for donors, the NDS should be considered “... the point of departure for programming of international assistance because it establishes the policy framework we would like to see supported and the areas of priority action ...” In his speech at the launching ceremony, Senior Minister of Finance Bharrat Jagdeo announced plans for consultations on the NDS and the establishment of a broad-based task force to review feedback garnered on the document.

Shortly after the launching, a small secretariat was established in the Ministry of Finance to coordinate the strategy’s dissemination and to organize the consultation process. Following distribution of the document to a wide selection of organizations, including Guyana’s major political parties, the NDS was publicized through short television programs, radio broadcasts, the Internet

(www.guyana.org), and informational leaflets. The document was made available to the general public at regional government offices and major libraries.

By late spring, regional workshops were being planned to familiarize individuals with the NDS and to allow opinions to be vetted. Within the limitation of available resources, an effort is being made to select locations to obtain the broadest regional representation. Following evaluation of feedback on the NDS, the revised document will be presented to Guyana’s Cabinet for approval, and a prioritized plan for implementation will be prepared.

The Stabroek News, a major independent newspaper in Guyana, has dedicated a number of daily editorials to analyzing NDS policies. In addition, approximately 20 of the strategy’s initiatives already have been implemented. Decisions to implement them arose in part out of consensus generated by discussions in Guyana of the recommendations contained in the draft chapters of the strategy. ■



Guyana Minister of Finance Bharrat Jagdeo (left) officially presents the National Development Strategy to President Cheddi Jagan in January 1997.

GUYANA INFORMATION SERVICE

Lessons Learned and the Road Ahead

In some respects, the Guyana effort is clearly still a work in progress. The ultimate success of the National Development Strategy (NDS) process will be measured by the government's commitment to implementation and its ability to maintain a fruitful policy dialogue with interest groups in Guyana and the international donor community. For its part, the international donor community must play a positive role in the process through a coordinated and constructive response to President Jagan's call to use the strategy as a basis for programming.

The strategy's release was a milestone in this process. It provides an opportunity to consider the merits of the Guyana effort as an alternative to the traditional process of programming development assistance and determining conditionality that is still largely donor-driven and fragmented. In Guyana, international donor agencies supported a more comprehensive and participatory policy-planning effort that allowed for more local content and direction in the process than is traditional. A third-party organization acceptable to the government and to donors provided additional technical assistance and advisory services. While the Guyana process was unique, the mechanisms for participation and the roles of the various actors, particularly a third party, are flexible enough to be adapted to meet specific needs and conditions. The following section explores some of these issues.

The International Context and the Guyana Model

Development cooperation has entered a new era. Democratic elections are occurring with more frequency all over the world, market indicators are replacing state controls in guiding economies, and private capital flows and technology are playing a larger role in setting the direction and pace of economic development. The economic and social transformations these changes spur have significant implications for the international development community.

In an era of intense global competition, the high external debt, widespread poverty, and the dislocating effects of structural adjustment continue to stymie many

less-developed countries' attempts to achieve economic stability and sustained growth. The political obstacles many governments face in consolidating the market reform agenda remain considerable. International assistance tied to policy conditionality can be a supportive tool in promoting discipline and ensuring accountability. However, in an increasingly democratic political climate, a broad array of empowered civic interests are demanding more participation in the policy-making process and international development cooperation. Enhancing governments' ability to formulate and implement sound policy in this era is a further challenge to development cooperation.

At the same time, the importance of sector-level policy reforms is increasingly recognized. For investment projects to provide maximum benefits, the sectoral policy framework must be appropriate. Indeed, some projects have failed precisely because the policy framework was counterproductive. However, especially at the sectoral level, there may exist alternative reform routes that are equally valid and most understood by local organizations and policy-makers. When economic policy packages are developed outside the country, it can be difficult to identify the most appropriate route. In some cases, national task forces may be in a better position to make those decisions. Development of the policy-reform package that best suits the country's circumstances can be crucial for generating support for implementation, which is a long process carried out in good measure at the grassroots level. Hence a participatory approach likely will further prospects for implementation as well.

In light of these considerations, both host governments and international donors need to consider the existing practices of development cooperation and how they respond to this situation.

On the one hand, multilateral and bilateral donors, responding to past failures and the evolving political situation on the ground, have reformed the way their programs and projects are developed. The way in which the World Bank approaches its internal lending document, the *Country Assistance Strategy*, is a case in point, as explained at the Advisory Group Meeting by World

Bank participant Armeane Choksi. Also, the participatory methodology is increasingly being promoted through in-country work. Again using the World Bank as an example, *The World Bank Participation Sourcebook* chronicles a number of recent efforts to involve stakeholders and beneficiaries in project design and implementation, sector studies, country program reviews, and sectoral programs. To varying degrees, and often for perfectly legitimate reasons, these initiatives are donor-driven.

... In an increasingly democratic political climate, a broad array of empowered civic interests are demanding more participation in the policy-making process and international development cooperation. Enhancing governments' ability to formulate and implement sound policy in this era is a further challenge to development cooperation.

However, the International Monetary Fund/World Bank-initiated *Policy Framework Paper* (PFP), the overall conditionality-setting document that is the prerequisite for most donor assistance, is still developed in relative isolation from national opinion leaders and analysts. The PFP is useful for setting out the broad macroeconomic framework and conditioning critically needed financial support. However, given the overwhelming implications of the PFP, there is a strong case to base it, and by extension the sectoral plans that flow from it, on a more comprehensive strategy resulting from internal deliberation and debate and, to the extent possible, consensus within the host country. Given the International Financial Institutions' increasing adherence to the participation principle, it may be asked how international development cooperation can promote participatory formulation of an overarching policy framework.

Guyana's NDS represents such a framework on which to base donor cooperation and its various tools such as PFPs, internal country-lending documents, and donor roundtables and consultative group meetings. It

lays out clear and detailed policy frameworks for all social and economic sectors in the country. When the potential for increased local ownership, capacity building, and promotion of the democratic ethic are considered, the case for such an alternative is even stronger.

It was clear from the Guyana example that this process cannot happen on its own within the context of the many constraints and obstacles that most developing countries face. For this reason, true partnership is necessary, and the assistance of third parties can be particularly useful. There are hopeful signs in the Guyana example that the will exists within the donor community to consider alternative approaches and allow the space for a locally driven process. Not only did some donor institutions directly participate in the process (through local technical experts or visiting sectoral missions) and postpone their country programming in anticipation of the strategy, but three donors in particular—the U.S. Agency for International Development, the World Bank, and the Inter-American Development Bank—provided resources, with the Government of Guyana's approval, to help fund the effort.

Over the long term, the pursuit of a development strategy also can be viewed as an extended feedback loop. The process of situational analysis, policy and program design, implementation, monitoring, evaluation, and adaptation is perpetual. For many developing country governments, subject to the newfound demands of a democratizing environment, managing this process is a complex task integrally linked to the sustenance of democracy itself. Organizations working to improve development cooperation must strengthen, both directly and implicitly through their own tools and methodologies, the capacity of developing country governments to respond to this challenge. The Guyana effort may provide a hopeful example to other nations and organizations looking toward a more democratic and prosperous future.

Lessons for the 'Third Party' from the Guyana Experience

For The Carter Center, the lessons learned from its involvement in Guyana's NDS process are numerous. Many concern the design and administration of the participatory process, which are applicable for any organization involved in providing this type of assis-

tance. Reviewing such lessons is beyond the scope of this report. However, numerous private and nongovernmental organizations (NGOs) are experienced and competent in facilitating participatory processes and can be called upon to replicate and refine the Guyana model elsewhere.

For potential third parties such as these, several overarching lessons learned from the process in Guyana deserve to be highlighted. Eight are listed below. Some arose as the result of issues that were overlooked or not accorded enough attention at the outset of the process, or that The Carter Center and the government felt constrained in addressing. Others issues were a part of the effort from the outset, and their importance was reconfirmed throughout the process. These issues and lessons, discussed below, may be summarized as follows:

- Promote participation at all stages of the process.
- Provide technical and advisory assistance promoting policy choices that satisfy sound economic principles while reflecting local circumstances.
- Establish a technical basis for participation.
- Integrate capacity-building initiatives into the process.
- Develop a partnership with a local third party where possible.
- Assist with coordination between ongoing donor efforts and the strategic planning process.
- Ignore the sociopolitical context at your own risk.
- Consider carefully the role of political parties and the need to promote consultation.

Promote participation at all stages of the process.

From the outset of a project, participation of stakeholder groups is the foundation on which ownership, commitment, and sustainability are built. In countries with authoritarian traditions, civil society is likely to meet a government-driven participatory initiative with some skepticism. The trade-offs between promoting or not promoting participation at the earliest stages are easily apparent. A project can be defined and launched faster without participation than with it. However, if the terms of reference are not acceptable to the targeted interest groups, the level of participation desired might not result. Building social capital, the mutual trust and willingness to cooperate among various interests in a

democratic society, is one of the most difficult tasks of democratic consolidation and is the essence of participatory development.

The third party acts as a facilitator by bringing to light successful strategies from international experience and helping adapt them to local circumstances.

In Guyana, the government developed the strategy's Terms of Reference with assistance from The Carter Center. This was accountable to the iterative nature of the process and the fact that the initiative already had incurred delays (as noted in the Advisory Group Meeting background paper). Still, the participation level that resulted was quite remarkable. Nevertheless, the government could have engendered more good will and enhanced the participatory process had the effort been launched with a more participatory design.

Provide technical and advisory assistance promoting policy choices that satisfy sound economic principles while reflecting local circumstances. The third party can fulfill this objective in two ways: by helping to forge a strong terms of reference for the exercise and by working with coordinators of the process to evaluate work at the sectoral level. The third party acts as a facilitator by bringing to light successful strategies from international experience and helping adapt them to local circumstances. Ultimately, local technicians and interest groups must decide whether and how best to adapt these options to local realities, but the third party can assist in the search for economically valid ways to achieve their objectives. Among other things, the third party can help to demonstrate that more than one sound approach exists for most policy issues.

In Guyana's NDS, examples can be found to adapt policy prescriptions in this way, including proposals to:

- Create mechanisms for providing permanent financing for the continuing maintenance of sea defense.
- Involve the private sector more deeply in the financing, guidance, and delivery of technical/vocational

education and training through a tripartite council (business, government, labor) supported by a small payroll tax.

- Develop local citizens' boards to help oversee hospital management.

- Transfer the title of sugar cane lands to cane workers as part of industry downsizing.

- Develop the legal instrument of long-term tradable land leases to provide greater land tenure security in agriculture that is acceptable politically.

- Provide an opportunity for the general Guyanese public to acquire a portion of shares in the to-be-privatized Guyana Electricity Corporation.

Collaboration between the Technical Coordinating Committee and working groups resulted in policy recommendations in the official draft that were locally relevant and went beyond some proposals offered by international donor agencies. (For example, see the chapters on the Sugar Industry, Agriculture Land Policy, and Health as well as deregulation and privatization proposed in the Transport Chapter.) With such proposals officially presented for public and donor consideration, a major step forward in the dialogue on economic policy in Guyana has been achieved.

Establish a sound technical basis for participation. The main operational objectives of the NDS process were to formulate technical solutions to Guyana's development challenges using the best available Guyanese expertise, in or outside the government, and to ensure that the input of nongovernmental actors was factored prominently into the analysis. A strong technical focus on participation helps considerably to depoliticize the effort and minimizes the chances for recommendations based solely on rhetorical or ideological arguments.

The design of the Guyana process identified two distinct phases. The first was to develop technical recommendations. The second was to use these recommendations as the basis for broader public consultation. The elements of a sound technical basis for participation in the first stage include:

- a) A strong mandate to Technical Working Groups (TWGs), from both government and independent civic groups, requiring a sustained effort to complete the project. In Guyana, some government person-

nel slackened their efforts despite a forceful mandate from a key minister.

- b) Clear, consistent technical guidelines for all groups to avoid confusion that may lead to incompatible results.

- c) Continuous monitoring of the TWGs' progress in meeting technical standards and provision of technical assistance as needed, in a nonintrusive way.

Even with such guidelines and monitoring, a participatory process based on intermediary organizations, such as the one used in Guyana, is limited in its ability to ensure broad-based representation and sound policy prescriptions. Some organizations do not effectively represent their constituency as a result of poor organization and leadership or a weak democratic structure. In addition, policy formulation and debate require a specific technical capacity that often is absent in some organizations. A strong Terms of Reference in itself cannot overcome such organizational deficiencies, although it may put pressure on such organizations to improve their performance. It is for these reasons that further broad-based discussion of the draft policies is desirable.

Integrate capacity building initiatives into the process. A process like the NDS provides international donor agencies with a wealth of opportunities to promote capacity building. The Guyana exercise did not build such initiatives into the process because of the way the project evolved and because of resource constraints. Where it occurred, skills enhancement mainly was a byproduct of the process more than anything else. However, the drafting phase of such an exercise is full of opportunities to promote capacity building. For example, a few working group members said some coordinators lacked skills in managing group dynamics and promoting consensus. A seminar on basic facilitation and group management skills might have been useful. Training in areas such as project design and management, conflict resolution, or the tools and methodologies for sectoral/topical policy analysis also are topics in which training initiatives can build skills while enhancing the strategic planning effort.

A related issue reinforces this point. The concept of "modernization of the state" resonated among the donors represented at the Advisory Group Meeting.

Initiatives such as those mentioned above that enhance the ability of government personnel to analyze and develop policy and facilitate interinstitutional dialogue would be clear expressions of donor support for a state structure that is capable of creating and managing an enabling environment for social and economic development.

Develop a partnership with a local third party where possible. Much was said at the Advisory Group Meeting of the “honest broker” role of the third party between the government and donors. However, the third-party model, as practiced in Guyana, had a dual nature.

... It should be considered whether a local collaborative partner organization can be identified, not only for the potential capacity-building and sustainability benefits that could accrue to the project, but also to help minimize sensitivity to a foreign entity's involvement in such a process.

Once under way, The Carter Center began to take on a local facilitating role that largely was unanticipated. Throughout the exercise, a great deal of quiet mediation among various interest groups went on to keep the process on track. As a respected external actor with previous experience in Guyana, The Carter Center arguably was in a position to play this role. The Center's local representative was a Guyanese national who could facilitate discussions to a useful and conclusive end. Since other third parties might not possess such advantages, it should be considered whether a local collaborative partner organization can be identified, not only for the potential capacity-building and sustainability benefits that could accrue to the project, but also to help minimize sensitivity to a foreign entity's involvement in such a process.

Finding a partner who is neutral in the eyes of the various interest groups, particularly the government, may have significant advantages. Depending on relative strengths, external and local third parties could divide

responsibilities accordingly. Alternatively, all responsibilities could be shared, with a focus on building complete third-party capacity in the local organization. On the other hand, there is credence to the argument that was made at the Advisory Group Meeting that it would be extremely difficult to find a local organization to fit the bill. Also, the fact that Guyana's third party was external was a major reason for its success. The Carter Center generally was not perceived within Guyana as having prior positions or well-known biases, as many local organizations were. Nevertheless, the model is premised on local initiative and ownership, and it is therefore incumbent on the third party to creatively explore possibilities for various forms of participation and partnership.

Assist with coordination between ongoing donor efforts and the strategic planning process. Given the iterative nature of the process, mechanisms for donor coordination related to the NDS were not developed. However, established coordination mechanisms were relied upon and were helpful. In this respect, the contribution of the local office of the United Nations Development Program (UNDP) should be recognized. As local coordinator, it kept the NDS on the agenda of donor coordination meetings and facilitated information sharing on the process. The Caribbean Group for Cooperation in Economic Development (CGCED), chaired by the World Bank, also was an effective annual forum for information sharing. In this area, lessons for the third party include awareness of how such coordination groups function and working with the government to ensure that timely and accurate information is available to them.

Opportunities to directly coordinate such an exercise with ongoing donor programs include: active projects, sectoral planning missions, and the country programming process. In Guyana, established projects with a policy component were more difficult to harmonize with the strategic planning process. Given that terms of reference for such projects often were developed by different government ministries and external agencies before the NDS, coordination of these varying agendas was difficult. Examples include the work of a donor in the forest sector and even The Carter Center-supported Project for Collaboration and Consultation on Land

Use. Coordinating with sectoral planning missions has been more successful since these teams, with prior notice, could participate in working group meetings, such as the Inter-American Development Bank's (IDB's) work on public sector reform. Here again, the UNDP office provided information to the government on visiting missions from within the U.N. agency system. In this regard, an especially positive case of coordination concerned the International Labor Organization (ILO) which, at the request of the Technical Coordinating Committee, sent to Guyana a special mission to assist the working group on labor and employment policies. The IDB, UNDP, and the Canadian International Development Agency (CIDA) also provided valuable technical assistance to some of the working groups from their resident staff in Guyana.

In the third case, as noted earlier, the timetables for production of the country-planning documents of the UNDP and the IDB were postponed to await the NDS. However, in one instance, a programming team of a multilateral donor arrived to develop a "medium-term policy framework" only to discover their terms of reference largely were covered by the NDS process. A resolution was not easy to achieve, but the team eventually modified its mission as a result. Greater coordination between this donor and the NDS process resulted. The greatest frustrations involved visiting missions from the International Monetary Fund. Problems emanated from two sources. The first was a lack of clear instruction from the minister of finance to visiting teams of the need to collaborate with the process. The teams themselves, however, seemed uninterested in interfacing, even informally, with the NDS process regarding macroeconomic issues.

Ignore the sociopolitical context at your own risk. When development initiatives are driven by outside organizations, important sociopolitical factors critical to the solution of local problems are often neglected. To avoid this, the challenge for international development cooperation is to ensure that host governments remain in the driver's seat of the policy-making process. Once this fact is recognized, supporting participation internally is the next critical step. As noted at the Advisory Group Meeting, the divisive and often ethnic nature of political and social mobilization in

developing countries presents considerable challenges for external actors. However, these organizations ignore the local sociopolitical context at their own risk, and ultimately at the cost of sustaining the initiative they are supporting. The question for the third party in the Guyana model is how to deal with this.

A brief examination of this aspect demonstrates its importance and how the participatory process itself, among other measures, can help address it. In Guyana, the country's two major political parties, which traditionally claim their support from the country's two major ethnic groups, have been locked in confrontation since the early 1960s. The geographical and occupational specialization of major ethnic groups is another critical factor of Guyana's social and political milieu. These two factors together suggest that winners and losers of alternative courses of development policy could be defined along ethnic and political lines if policy-makers were not sufficiently sensitive to these issues. Indeed, some in Guyana have pointed to the impacts of the structural adjustment process in this way: Afro-Guyanese dominate state-run agencies and public service—the targets of privatization and downsizing; Indo-Guyanese dominate agriculture and the private sector—the main beneficiaries of economic liberalization. Local actors better understand such structural realities.

A development strategy exercise that promotes equity and sustainability as its chief aims must be able to address these realities. This is the main rationale for a locally driven participatory effort. The achievement of the Guyana process is that broad-based participation of both major ethnic groups took place without politicizing the working groups and compromising their technical treatment of the issues at hand. This eventually may ensure the sustainability of policies from one administration to the next. Beyond this, however, understanding the local sociopolitical context gives the third party insights into whether the process and resulting strategy are biased. Obvious limitations to appreciating such complexities exist, and the external actor must not overestimate its abilities. In the Guyana exercise, The Carter Center was able to ensure to its satisfaction that working groups included participants of all political persuasions, with the benefit of not politicizing the process, and that policy prescriptions being put forward

were not driven ethnically/politically. This critical aspect of the process must be addressed throughout the implementation phase.

Consider carefully the role of political parties and the need for consultation. Given the preceding discussion, the issue arises of whether and how political parties can play a positive role in such an exercise and how this impacts the third party. Because opposition political parties have a vested interest in disagreeing with the government on policy, or at the least, in differentiating themselves from the government in the eyes of the public, the third party may consider this aspect outside its purview. However, practically speaking, this may not be an acceptable answer.

In Guyana, The Carter Center and the government shared the view that responsibility for political strategy belonged to government. The government decided to develop a technical draft of the strategy first and use it as a basis for discussion with political parties. A second prong of its approach was to send a brief questionnaire to several organizations, including political parties, soliciting input on overall social and economic development priorities to guide the strategy. While not necessarily a poor strategy in its own right, the fact that neither decision was the result of official consultation at the outset minimized their impact. Late in the process, with the draft development strategy near completion, the political opposition cited the lack of such official consultation in its criticism of the process. This resulted in the unfortunate politicization of the NDS among the political parties.

Given the complexity of this question, perhaps the most useful advice for a third party is to encourage the government to officially consult with political parties at the outset on the overall direction of the effort. However, it should not condition its collaboration on a particular outcome of this dialogue, since this could prejudice and undermine the consultative process. Flexibility on this issue, coupled with ongoing examination of the political dynamic and potential avenues to promote consensus, are the wisest strategies.

Further Consultation and Recommendations for Implementation of the NDS

Government of Guyana

The government currently is consolidating the work done on the draft strategy through efforts at broad-based public education and consultation. The focus seems to be centered on society at large rather than on distinct interest groups. This process represents a good start. However, The Carter Center recommends two additional consultative initiatives:

1. *Define a political channel for reviewing the NDS through consultation with all major political parties.* This is a first step toward discussing the policy content of the strategy. The onus for initiating a good faith dialogue on process rests squarely with the government. Ultimately, whether this is a formal channel such as tabling the Strategy in Parliament, or an informal process such as a national consultation, is best decided by consensus with all major political parties at the table. This should happen quickly and should be conducted discretely with utmost consideration to the many Guyanese who dedicated their time and effort to the process and to the fact that it is an election year in Guyana and political sensitivities are heightened.

2. *Hold a series of "major group" consultations.* Engaging specific organized sectors can identify aspects of the NDS where consensus exists and areas where further dialogue is required. An initial list of these major groups includes the labor movement, the private sector, civil society organizations, and the Amerindian community given their unique social, historical, and geographical position in Guyanese society. For these groups, the NDS is an effective entry point for dialogue with the government toward consensus views on policies and strategies.

While these initiatives urgently are recommended, they should be seen as a part of an ongoing dialogue process initiated under the strategy's auspices. The government undoubtedly will want to launch NDS implementation soon. This should occur, but the parameters of ongoing dialogue should be addressed at the outset.

Once the strategy is adopted as a working document, it must be presented to the international donor community so that it receives the requisite recognition it deserves and implementation arrangements can be organized. The CGCED would be an appropriate forum for this dialogue.

The government must initiate the implementation process by convening the donors and outlining the key policy priorities and areas of the implementation plan where donor assistance is required ...

It is helpful to look at the implementation question at two different levels: the macro and the sectoral. Central guidance of the implementation process is necessary and probably best done by the Ministry of Finance through a special NDS implementation unit that reports directly and frequently to the minister. It should also render reports to the prime minister and Cabinet at specified intervals through the minister of finance. Senior staff members from the Office of the Budget and the State Planning Secretariat could be key members of the implementation unit, along with selected members of the working groups that drafted the strategy. The latter would bring much-needed sectoral expertise to the task of guiding and monitoring the implementation process. This unit also could be supported through international technical assistance.

The implementation unit would focus on integrating the NDS into the Annual Operating Plans of line ministries and the budget process as well as programming the assistance of international donors. An annual NDS implementation plan, drawn up by the implementation unit and approved by the minister of finance, the prime minister, and the Cabinet would be the key document for this process. It would identify the organizational needs and human resource requirements of the implementation process, along with legislative and investment priorities.

Private sector and civil society organizations will be critical to implementation. Consequently, the participatory working group model should be modified and used as appropriate in the design and execution of sectoral investment projects. Investment projects are where “the rubber hits the road” during implementation. Elsewhere, interinstitutional collaboration has proved beneficial to identifying and addressing implementation obstacles and enhancing local ownership. As with the drafting phase of the exercise, cooperation among government and NGOs can help alleviate the shortage of skilled and experienced personnel available within government ranks.

At the Advisory Group Meeting, Minister Jagdeo proposed formation of a legislative working group, possibly reinforced with international assistance, to help draft legislation. Such a group would include technical experts in economics and sectoral policy as well as lawyers. This is an excellent recommendation for tackling what could become a critical bottleneck.

International Donor Community

The Advisory Group Meeting brought out a number of excellent and practical proposals for implementing the NDS. The donor community’s response and support will be critical. The government must initiate the implementation process by convening the donors and outlining the key policy priorities and areas of the implementation plan where donor assistance is required; the international donor community can begin preparations for this through two key steps.

First, donors should indicate formally to the government their willingness to integrate their programs into the NDS framework and to draw their priorities from the strategy. Some donors have begun this process individually.

A subsequent task would be for one of the major donor agencies, perhaps the UNDP, to coordinate preparation of a continually updated inventory of current and proposed donor community projects. This will be critical to the later exercise of identifying gaps between donor programming and the NDS. ■

Appendix 1

Review of Global Development Initiative

This background paper was prepared by staff of the Global Development Initiative for a meeting of its advisory group, June 6, 1996.

Introduction

On the eve of the 21st century, it can be argued that the parameters of a common development agenda between the nations of the North and South are being established. Behind this mounting consensus are three major trends:

- 1) The recognition of the interdependence of nations in the global system,
- 2) The decline of Cold-War geopolitics and concomitant spread of democracy and civil society, and
- 3) The emergence of new approaches to the development process.

For the principal institutions and actors involved in international development, this heralds an unprecedented opportunity to make major advances in alleviating the stark socioeconomic conditions prevailing in so much of the world. However, this growing consensus in the international community runs in contrast to the declining support for development assistance funding in many donor countries. To stem this retreat, a clear case must be made for promoting sustainable global development based on the common interest.

Recent Trends in Development Assistance

International development assistance is the key to sustainable human development in many poor countries. Unfortunately, resource needs far outstrip the supply. According to the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), overseas development assistance (ODA) from DAC countries has stabilized in the 1990s at around \$60 billion (OECD, 1995). Donor

fatigue, budget cuts, greater focus on domestic issues, and new priorities for foreign policy in donor countries all are contributing factors. In the face of this reality, recipient countries are being advised to rely increasingly on private capital flows as the source of development finance.

The current stabilization in ODA levels belies some more ominous trends and events that characterize assistance to the poorest of the poor. For instance, in 1994, emergency humanitarian assistance as a percentage of total ODA reached an all-time high (OECD 1995), reducing the amount of funds available for investment in long-term, sustainable development efforts. Furthermore, the possibility that the United States will cut back significantly its contributions to the next IDA replenishment could seriously compromise this critical source of concessional finance for developing countries, the poorest of which, with crushing external debt and exceedingly poor credit ratings, are rarely hospitable environments for private capital flows.

These interrelated trends reflect myriad factors, not the least of which is a general perception that past development assistance has not proven effective. These beliefs are not wholly unfounded. Development agencies and host countries increasingly acknowledge that past practices often were flawed and consequently fell short of their potential. The task that looms now is to redefine the context in which development assistance is both understood and carried out.

The Response of Development Institutions

A new vision of development is beginning to

emerge, empowering development institutions, governments, civil society organizations, and individuals with the understanding and tools to confront major new challenges. Fundamentally, it is based on sustained, market-led economic growth, the benefits of which are distributed equitably. Experience has shown, however, that even the most sound economic policies will not effect short- or even medium-term change for the majority if equal consideration is not given to areas such as health, education, and poverty alleviation. Also, such efforts will not be sustainable if they are not combined with a long-term policy strategy that addresses the environment, natural resource management, civil service development, the strengthening of a transparent and accountable democratic governance, and stakeholder claims to the development process.

Donor organizations are reformulating their approaches to development in response to this changing environment. The Development Assistance Committee of the OECD lays out its vision in "Development Partnerships in the New Global Context," its statement on development cooperation. In it, combating poverty is the central challenge of development cooperation. The statement says, "A successful strategy will integrate:

- 1) A sound, market-oriented policy framework;
- 2) Investment in social development (health, primary education, population);
- 3) Enhanced participation of both men and women in socioeconomic and political life;
- 4) Good governance, public management, democratic accountability, respect for human rights, and the rule of law;
- 5) Sustainable environmental practices; and
- 6) Addressing root causes of conflict, limiting military expenditure, and targeting reconstruction and peacebuilding efforts toward longer term reconciliation and development" (OECD, 1995).

Multilateral and U.N. agencies are pursuing similar agendas. New leadership at the World Bank has promised to reshape the institution to make it more accountable, more effective, and more collaborative. Attention is being given to human capital investment, building strong institutions of civil society, investing in the environment, promoting gender-related issues, focusing assistance on the poorest, and assisting new democracies and countries emerging from conflict situations. Forming

these numerous themes into a coherent vision and, more importantly, reshaping an institution around such a vision will be the bank's biggest challenge.

The UNDP itself, in its role as coordinator of development agencies in the U.N. system, is a key actor in promoting a more holistic approach to development and in building host-country capacity toward this end. UNDP's goal is the promotion of sustainable human development, operationally pursued in four programmatic areas: poverty elimination, advancement of women, promotion of job-led economic growth, and preservation of the environment.

Parlaying this convergence of ideas into a more coordinated approach by major actors remains a chief concern of development organizations. Many new and established fora at the global, regional, and national levels are focusing on these issues, and building country capacity to guide the process is a high priority on everyone's agenda.

Increasingly it is recognized that the most compelling impetus for coordination and direction comes from host countries themselves, where host-country management and coordination of donor assistance is most critical. Preliminary results of a seven-country study of aid effectiveness in Africa by the Overseas Development Council appear to confirm this. Host countries must take control of their relations with donors. Critical to this is a comprehensive development strategy formulated with a long-term perspective clearly articulating the country's policies and priorities. Since many countries lack the resources of time and technical capacity to undertake such far-reaching policy review, it often does not get done, or is done in the context of policy-loan negotiations with donor agencies. Collaboration with donors and technical assistance agencies can help, but many host countries are sensitive about donor involvement in policy issues. In this area, nongovernmental organizations (NGOs) may have a role in helping support new approaches. This paper will review one such exercise although others are under way and also deserve notice.

The Carter Center and the Emergence of the Global Development Initiative

Since its inception, The Carter Center has sought to improve the well-being of the poor and voiceless through programs in conflict resolution, human rights,

health and development, and democratic reform. The Center does not attempt this work alone. As an institution, its resources are very limited. It has a unique strength, however, in Jimmy and Rosalynn Carter's humanitarian reputation and access to high levels of international leadership. In light of these characteristics, the Center concentrates its efforts in bringing partners together—governments, intergovernmental bodies, communities or individuals—to forge more effective partnerships toward shared objectives.

Two noteworthy initiatives of the Center embody this collaborative approach. Its Guinea Worm Eradication Program (GWEP) collaborates with the Centers for Disease Control and Prevention, UNICEF, the United Nations Development Program (UNDP), the World Health Organization, bilateral donors, private industry, and national governments. The Task Force for Child Survival and Development, an independent NGO closely associated with the Center, is sponsored by the World Bank, UNICEF, the U.N. Population Fund, the Rockefeller Foundation, and UNDP.

This spirit of forging partnerships to enhance collaboration prompted the Center to establish the Global Development Initiative (GDI) in 1993. A high-level conference on development cooperation, held at the Center in December 1992, and co-chaired by President Carter and U.N. Secretary-General Boutros Boutros-Ghali inspired the creation of GDI. The meeting's objective was to determine the priority issues and actions needed for effective development cooperation in the post-Cold War era. Two fundamental priorities for development cooperation guided the discussion:

- 1) To determine ways in which developing nations' capabilities could be enhanced to create and manage technological change as well as to advance broader economic and social goals in an increasingly fluid world, and

- 2) To improve the effectiveness and coordination of external partnership activities in response to long-standing and radically new development needs.

In September 1993, The Carter Center convened a representative group from the December meeting to discuss possible follow-up efforts. Everyone felt the urgency of an action-oriented approach as well as the need for new models of development cooperation at the

country level. To embody these two priorities, the group proposed that GDI be formed to undertake country-specific pilot projects in which the practical difficulties surrounding development cooperation efforts would be explored and effective solutions proposed and implemented collaboratively. Participants anticipated that tangible benefits for specific countries as well as more generic lessons in effective donor/government collaboration would result from this approach. They also believed that undertaking such an exercise in a newly emerging democracy or post-conflict society also would yield important lessons. Representatives of Ethiopia and Guyana, who were involved in designing the approach, expressed interest in undertaking the pilot projects.

The Global Development Initiative and Guyana

Introduction: Guyana at the Crossroads

Guyana, a nation of under a million people with a wealth of natural riches and human talent, is at a crossroads in its development process. From independence in 1966 through the years of cooperative socialism ending in the mid-1980s, Guyana endured a precipitous social and economic decline. The most indelible mark this period has left on the nation is not the deteriorated roads or sea defenses, the dilapidated level of social services, or even the crushing level of foreign debt. Guyana faces the 21st century with the legacy of a massive "brain drain" that took place over two decades and continues today. This legacy is pervasively manifest throughout the economy and society in the civil service, the schools, the health care system, and the private sector. Rebuilding Guyana's human capital base is the greatest challenge before the nation and its leaders. Given this critical shortage, it is particularly important that Guyana's development strategy be one that harnesses the energy, vision, and diversity of its people.

Recent Economic History

From 1970-88, misguided economic policies and a steady erosion in the country's terms of trade contributed to an annual average GDP growth rate of only 0.4 percent. Over this period, government's ability to provide adequate levels of social services and maintain physical infrastructure eroded. The maternal mortality rate is now more than seven times that of Barbados, and reported

cases of malaria increased twelvefold from 1984-91. Guyana's educational system, once the pride of the region, produced the lowest CXC examination results in the English-speaking Caribbean in 1995. Indicators suggest as well that Guyana's female population bore the greatest share of socioeconomic decline. The UNDP's Human Development Report (1995) gives a telling statistic: from 1970-92, Guyana exhibited the biggest drop in rank on the Gender Development Index, which measures human development (income, education, health) adjusted for gender disparity.

In 1988, the Government of Guyana took the first bold steps to reverse these trends. Under the auspices of its Economic Recovery Program (ERP), the government initiated a structural reorientation of the economy along market-oriented principles. Since these reforms took hold in 1991, real GDP growth has averaged over 7 percent per year through 1994 and was over 5 percent in 1995, inflation has been reduced to single digits, and the exchange rate has stabilized. In addition to bold reforms on the economic front, the government of the day initiated similarly far-reaching reforms on the political front, resulting in the country's first internationally recognized free and fair elections and transfer of political power in 28 years.

Recent History of Guyana/International Donor Relations

The 1988 launching of the ERP was the signal donors needed that the government was serious about economic reform and partnership with the international financial community. A structural adjustment program was negotiated with the Bretton Woods institutions and finally was agreed upon in 1990. Critical support for this program came from bilateral donors, which mobilized to raise the necessary funds to pay off Guyana's accumulated arrears to multilateral institutions. Canada led this effort under the auspices of the Support Group. A critical rescheduling of Guyana's official bilateral debt under the terms of the Paris Club also laid the groundwork for the adjustment effort.

Within the immediate post-Cold War context of that time, Western donor governments were keenly focused on the democratic climate into which their economic assistance was injected. In Guyana, an increasing number of donors tied financing of the ERP to free

and fair elections, originally scheduled to take place in 1990. Significantly, U.S. and U.K. bilateral assistance was suspended pending the elections, which took place in late 1992.

Since the elections, donor assistance to Guyana has increased considerably in response to the government's continued realization of broad reforms. However, there remain areas where donor and government viewpoints differ on the rationale for and the depth of further reform. From the donor perspective, four key issues have marked relations during the current government's tenure. First and foremost are concerns about the strength of the government's commitment to maintain market-oriented reforms and to promote the private sector as the engine of economic activity. On a related issue, donors believe the government is similarly ambivalent on privatizing state-owned companies, most notably the Guyana Electricity Corporation. Donors also have wanted clearer evidence that prudent environmental and natural resource management is a centerpiece of the government's development strategy. Finally, the lack of strong management capability in the public sector has hampered public investment, project implementation, and provision of social services. The perceived lack of movement in many of these areas has created the impression among donors that the government's outlook is indecisive and short-sighted.

The government, on the other hand, considers the level of external debt and restrictive donor conditionalities to be the major issues in the relationship between Guyana and international donors. In 1994, Guyana's debt was 440 percent of exports, and debt payments absorbed 48 percent of public revenues (World Bank). Although donors have provided considerable restructuring of debt and balance-of-payments support since 1988 (including restructuring Guyana's Paris Club bilateral debt on Naples Terms), the government continues to highlight the need for further debt relief. Further debt relief, it asserts, is the only way Guyana can finance its own development in the near future. At the outset of its term, the government also felt it had inherited an economic policy stance which, since enshrined in existing agreements with donor institutions as conditions for assistance, constrained its ability to pursue its own agenda and vision of development.

Guyana Today: The Case for a Strategic Outlook

Although differences between the government and

donors remain, mutual understanding has advanced. The acknowledged task of the government now is to sustain the current growth path and to ensure the participation of an increasing percentage of the population in that growth. The economic base currently is quite narrow, centered mainly on rice, sugar, and mining, although forestry and fisheries play increasing roles. Diversification of the economy from this base of agriculture and natural resources is a high priority over the medium term, particularly in light of the environmental impact of such activities and their susceptibility to adverse external developments. It is widely expected that real prices for sugar and rice will decline over the next five years, perhaps sharply so for rice. Considerable investments in health, education, and physical and social infrastructure also are critical to undergird long-term development.

In late 1993, when GDI, donors, and the Government of Guyana discussed the challenges before the country and a possible role for GDI, all parties recognized the need for the government to adopt a strategic outlook to maximize resource use. At the time, a pivotal donor roundtable on Guyana was about to take place under the auspices of the Caribbean Group for Cooperation in Economic Development (CGCED). The government, with some GDI assistance, prepared a strategic position paper that reflected the input of numerous stakeholder groups in Guyana. President Carter was invited to attend the January 1994 CGCED meeting as a special guest of the government.¹ The meeting was a success, with bilateral donors pledging \$300 million in additional aid. To build upon the initial success of this meeting, GDI was asked to continue its assistance to the government to help develop the strategy statement into a deeper policy document and potentially to act as an honest broker between the government and donors at a later stage.

Evolution of the GDI Experiment

A planning unit within the Ministry of Finance formulated a comprehensive, long-term development

strategy following the CGCED meeting². This unit would comprise high-level representatives from government ministries and would consult with NGOs and the private sector to reflect a broad level of stakeholder input into the strategy. To assist the effort, the GDI team would analyze strategic planning documents already completed by various ministries, develop a paper on approaches to long-term development, and recruit sectoral expertise in areas that were already identified by the then-junior finance minister. Experts in mining and agriculture immediately were recruited.

This initial approach met with some difficulties. Following the CGCED meeting, the government and GDI had not firmly established a mutual understanding of what the next iteration of the country's development strategy would be. At the time, resource constraints, urgency of using the strategy to influence upcoming discussions with donors, and a continually evolving external situation called for a strategy of limited breadth and depth. However, the need to evaluate the direction of the economy and to canvass stakeholder input to build consensus behind the strategy made a strong case for a more deliberate and comprehensive approach. Mobilizing resources, organizing the exercise, and maintaining donor confidence that the effort would be successful proved difficult. Both the government and GDI put most of these issues on the back burner in hopes that a consensus could be reached on these issues as the effort advanced.

However, over time, these differences did not disappear. By the end of 1994, the GDI and the government shared concerns that the effort, as it was being pursued, was not as participatory as intended. Those who were funding the project expressed concern over the lack of any clear-cut structure. The planning unit did not seem to be functioning adequately. High-level ministerial staff already were in short supply, and the strategy work was taxing them further. There was also a public perception that GDI was playing an unacceptably

¹ This phase of GDI was funded by the Carnegie Corporation, the World Bank/IDA, the IDB, and USAID.

² The post-CGCED phase of GDI has been funded by a World Bank/IDA technical assistance grant, an IDB grant, and funding from USAID, the Carnegie Corporation, the Charles Stewart Mott Foundation, the Ford Foundation, the W. Alton Jones Foundation, and the Turner Foundation.

prominent role in the effort as it was structured. Finally, international donor organizations expressed concern that the effort did not appear to take into account their ongoing efforts. Their staff and agencies were rich storehouses of technical expertise and materials that could help shape strategic policy.

In late December 1994 and early January 1995, GDI and the government held a series of discussions on the efficacy of the effort to date and on how best to move ahead. It was agreed that issues needing resolution included the development of clear Terms of Reference for the strategy, agreement on the level and modalities of stakeholder input, and assured mechanisms of donor access to the process. For GDI, the preceding months' experience had shown that limited government capacity, in terms of time and staff, to develop a comprehensive strategy mandated a more creative approach. By May 1995, and after further discussions with donors, government, and other stakeholder groups, the government and GDI reached agreement on:

- 1) The *nature* of the strategy;
- 2) The *process* of formulating it in a collaborative, inclusive and open manner; and
- 3) The *role* of GDI in this process.

Nature of the Strategy: Formal Terms of Reference were developed that laid out the intent and scope of the exercise. The Terms of Reference set forth the overriding objective of the development process as, in the words of Guyana's president as, "... the progressive realization of the capabilities, abilities, and talents of each individual for his/her own satisfaction, and the enhancement of the social good, including the environment." This would be the overall concept of development the strategy would pursue.

To fulfill that goal, four broad national objectives were set forth:

- 1) Rapid growth of incomes,
- 2) Poverty alleviation/reduction,
- 3) Satisfaction of basic social and economic needs, and
- 4) Promotion of a democratic and a fully participatory society.

Because general sustainability was an overriding concern, fiscal, environmental, and institutional sustainability were made key conditions of the development process.

In order for work on the strategy to be pursued logically, the Terms of Reference set forth the framework for analysis. The strategy would, in its course

- 1) Examine overall development scenarios,
- 2) Identify bottlenecks to development at both the macroeconomic and sectoral levels, along with options to overcome these constraints, and
- 3) Delineate roles for the public and private sectors.

The Strategy Formulation Process: The process for formulating the strategy was modified significantly from the original approach involving the planning unit. Work on the strategy would be carried out by interinstitutional technical working groups for each principal sector or topic in the strategy. The working groups would comprise members of relevant government ministries and agencies, the private sector, local NGOs, the academic community, trade unions, and other members of the community. The working groups would draw representatives from government ministries at the senior technical rather than ministerial level. Local staff from international donor agencies with technical expertise would be invited by the government to participate on the working groups and contribute to the deliberations. The sectoral and topical strategy reports produced by the working groups would form the technical basis for the overall strategy document.

The minister of finance would coordinate the effort as chair of a Technical Coordinating Committee (TCC), on which The Carter Center was represented. In addition to generally overseeing the work, the TCC would supply the working groups, at intervals, with statements of economywide and sectoral constraints to development to be considered in the formulation of sectoral objectives. It also would review draft reports of the groups, providing guidance and suggestions and pinpointing issues requiring coordination and discussion between different working groups.

GDI's Role: GDI's role in Guyana's development strategy effort had to strike a balance between two basic facts: the necessity of Guyanese ownership of the process and the need for external technical assistance to that process. Another necessary aspect to figure into the process was GDI's ability to serve as an honest broker and facilitator, both at the government/donor community level, and among the local stakeholders involved in the strategy process. GDI's role in the effort ultimately was defined as follows:

■ To promote a process whereby the government of Guyana ultimately is more effective in utilizing its resources, including international development assistance, to attain well-articulated development objectives.

■ To facilitate technical discussions on the development strategy among stakeholders, such that issues of national priority would be understood and constructively deliberated and indigenous ownership of the strategy be built.

■ To foster the participation of Guyanese in determining, supporting, and ultimately participating in the implementation of Guyana's development objectives.

■ To support, through the strategy process, capacity-building of government institutions, NGOs, the private sector, and other actors in civil society to fulfill their potential as partners in the development process.

■ To promote a process by which technical analysis in each sectoral and topical area would be brought to bear on the formulation of policies.

■ To provide technical assistance in coordinating input from the working groups to help ensure high standards of economic analysis are observed in developing the policy recommendations.

■ To engender the confidence and collaboration of the donor community in the development path chosen by Guyana, through the quality and participatory nature of the work, thereby promoting closer collaboration between external agencies and the government.

The strategy effort formally was initiated on June 14, 1995, at a meeting of working group coordinators, convened by Senior Minister of Finance Bharrat Jagdeo. The minister stressed the importance of the working procedures and the responsibility of the groups for the success of the endeavor. In addition, coordinators discussed and agreed upon specifications and modifications of the working groups at this meeting. By mid-July, 23 Technical Working Groups were functioning, some of which appointed subgroups to address specific issues.

More than 200 people participated in these working groups and in total held more than 300 working meetings. In late October, a two-day workshop was held for all members of the working groups to promote awareness of what was happening in other groups as well as "cross-fertilization" in the groups' work. By Dec. 31, 14 of the 23 groups had submitted their documents for editorial review. At various stages during this process it was

determined that five of the groups were not functioning adequately. They were reconstituted, and their work initiated anew. At the writing of this document (May 1996), all the working groups related to the social, productive, and infrastructure sectors had submitted draft materials to the TCC, and those materials had been put into technical draft form. Ministers have reviewed the chapters over which they have substantive coverage and have provided comments to the minister of finance in preparation for the wider consultations. Many of the macroeconomic materials have been prepared in draft, and the remainder should be finished soon. The draft strategy should be completed within the next several weeks. At that time, the government intends to circulate the document for review within the context of a national dialogue on the strategy.

Presentation of Lessons Learned

There are several salient features of the exercise up to this point on which donors, NGOs, and government representatives attending the June 6 review meeting might want to focus their attention. The analysis and perspective of the Government of Guyana and donor agency representatives, as well as other knowledgeable experts, are crucial to GDI's own assessment of the work at this stage. It is in this spirit that the following comments are presented.

The overall goal of GDI's pilot work in Guyana was to explore new methods of helping the country form and articulate its own development policies to the international donor community to enhance cooperative efforts. Government leadership of the process, broad stakeholder participation, and a collaborative stance vis-à-vis the donor community were the parameters of the effort. The objective was the formulation of a far-reaching, strategic policy document based on technical analysis and reflecting broad, stakeholder input that would be fortified and finalized through public dialogue. To consider what this exercise has to offer as an alternative model, the presentation of lessons learned is organized around the following topics:

- A. Capacity Building
- B. Structure of the Process and Mechanisms for Coordination
- C. Indigenous Character of the Effort

- D. Technical Quality of the Resulting Policy Document
- E. Participatory Nature of the Exercise
- F. Improvement of Donor/Government Relationship
- G. The Role of a Third-Party Facilitator
- H. The Political Dynamic
- I. Status of Ongoing Donor Assistance

A. Capacity Building

Capacity building, in terms of enhanced skills and abilities of GDI counterparts, has taken place on a number of levels. As the effort continues, some capacity-building objectives, particularly in terms of the government's ability to articulate and promote its strategy in the donor community, will be more evident. During the process of formulating the draft strategy, enhanced capabilities have been more evident among stakeholder organizations and technical-level government officials involved. There also are some ways in which GDI would propose strengthening the capacity-building component of the project in future efforts.

Government of Guyana

It is hoped that with the experience of guiding this strategy through the ensuing national dialogue, the decision-making levels of the government will be strengthened in their ability to provide leadership on economic policy. In this context, leadership does not mean rigid stances in support of the policies proposed in the draft document, but it does mean developing an ability to communicate well the reasons behind the proposals and the benefits that would flow from adopting them. Ultimately, this also translates into an increased ability to direct donor assistance to its priorities and play a more assertive role in coordinating international donors' activities.

Numerous technical staff from Guyana's public service have gained valuable experience in formulating policy, so in the future they will be better-equipped to formulate policy and more capably engage donor agencies on policy matters. Members of the technical working groups who traditionally interact with donor missions stated unequivocally that this mechanism permitted more beneficial interaction between government staff and donors in terms of capacity-building potential than traditional means.

Because of severe staffing limitations in the

Ministry of Finance, GDI staff on the TCC handled a considerable share of the logistical management and quality control process, although the Ministry of Finance did dedicate what staff it could to the TCC. In the beginning of the effort, government staff played a central role in coordinating the logistics of the process, reviewing initial documents submitted by the groups, and presenting the working groups with overall guidance. Since GDI advisors and the working groups reported directly and continuously to the minister of finance through the TCC, government staff on the TCC were exposed to the ongoing discussions and analysis in a number of the working groups. Unfortunately, however, it was difficult for government staff to sustain intensive level of engagement throughout the course of the project. GDI staff increasingly assumed a larger share of this effort, thereby minimizing the potential for capacity building through the mechanism of the TCC.

The TCC itself provided beneficial capacity-building opportunities vis-à-vis the working groups. The TCC worked closely with many of the groups through the evolution of their documents, providing technical advice during the working groups' deliberations and feedback on initial draft reports. This allowed the few technical advisors provided by GDI to share their knowledge and experience with the numerous working groups.

Nongovernmental Actors

When examining capacity-building aspects of such a process, an enhanced appreciation and understanding of common goals and constraints among different stakeholders must be considered. The comprehensive mandate of the strategy necessitated that working groups discuss a broad range of issues and consider the implications of various alternatives. It also required policy recommendations be put forth that considered the constraints on development, both in terms of sustainability criteria and the limited human and institutional resources available in Guyana. As a result, many NGOs and individuals who participated in the exercise said they now more fully appreciate the complexity of policy-making and the trade-offs inherent therein. They also developed a better sense of how best to represent their constituency's interest on such issues.

B. Structure of the Process and Mechanisms for Coordination

Since the modalities of the Guyana exercise already have been described, it may be worthwhile to discuss some of its strengths and weaknesses.

There was significant variation in the performances of the 23 working groups, although for the most part, the process functioned better than many had expected. When encountered, difficulties most often were attributable to weak leadership, but in a few cases, interpersonal dynamics were to blame. On the other hand, in some cases, the groups promoted positive interpersonal dynamics in areas where previously there had been conflict or no dialogue. In five groups (Labor and Employment; Environment; Tourism; Amerindian Policies; and Gender, Women and Development), it was necessary for the TCC to reconstitute them under new leadership.

The working groups deliberately drew staff from the upper technical level of the civil service hierarchy, rather than from the ministerial or vice-ministerial level, to ensure a technical rather than political focus in policy discussions and because senior-level staff were overburdened with existing commitments to undertake the work. It could be argued that insufficient attention was paid to formal and regular mechanisms for working group coordinators to report to their respective ministers on the progress and substance of the groups' discussions. It also can be argued that such a procedure would have inhibited the groups from adopting the independent, technically based approach that was their mandate. As a result, the information most ministers received about the working groups' proceedings was limited and sporadic. The finance minister did, however, brief the Cabinet on several occasions about the overall progress of the effort. In addition, he reviewed every communication from the TCC to the groups and received all of the group reports in each of their successive drafts.

C. Indigenous Character of the Effort

The extensive participation of Guyanese nationals, through the mechanism of the working groups and the TCC, makes this process of policy formulation unusually national or indigenous. The only expatriate input provided by GDI was from a team leader who visited the country each month for about a year, an editorial

coordinator who also worked on a visiting basis, and three short-term consultants in fields designated by the minister of finance (assisting both the forestry and the macroeconomics working groups, and writing a background report on issues in the international economy as they relate to Guyana). In addition, GDI hired two Guyanese consultants in areas where the working groups needed reinforcement (the environment, the manufacturing sector). Obviously, the draft strategy will undergo evolution as it passes through the wider review process, but it is unambiguously a Guyanese policy document that clearly outlines Guyanese concerns and priorities.

D. Technical Quality of the Resulting Policy Document

Guyana's draft NDS will be completed in mid-June 1996. At that point, it will be made available for public and donor agency review, and its quality can be analyzed from a technical perspective. Having seen all of the work to date, the GDI team believes the draft strategy, in its current form, is a thoughtful and technically sound policy document reflecting an unprecedented level of stakeholder input and substantive debate. It proposes a comprehensive, forward-looking set of policies and an agenda for the reforms required to affect these policies.

A distinction should be made between *policy* documents and *operational programs* or *plans*. The NDS is a policy document, and as such, it is extraordinary from an international perspective in its breadth and coverage and in the depth in which it treats each topic. However, it must be pointed out that at this stage, it still is a draft and has not yet been adopted officially by the government.

E. Participatory Nature of the Exercise

The participatory aspect of this work has two dimensions. The first, described previously, is that of the working group phase. The second participatory aspect is equally important—the national dialogue on the draft NDS the government plans to carry out before the document is finalized. It provides the basis for broad-based support for policies eventually adopted in the final document. Putting both the first and second aspects together, it is fair to say this exercise is unique and accomplishes this important objective.

F. Improvement of Donor/Government Relationship

Numerous local staff of donor agencies found the TWGs a valuable medium for improving communication on policy matters with their Guyanese counterparts. Any improvement in government/donor relations on a broader level cannot be assessed until the strategy is complete and discussions of donor support for the implementation effort take place. However, if the strategy is adopted, it should provide a strong basis for programming donor input into the various sectors of Guyana's economy.

At this stage, it may be useful to comment on how the strategy exercise related to the ongoing efforts of donor agencies and how government/donor relations may have influenced or been influenced by the exercise. Obviously, preparation of Guyana's strategy was conducted within a development assistance dynamic, i.e., donor-funded projects and planning for new grants/lending were in train while the strategy was being formulated. First, this may have exacerbated the human resources problem. The staff members donors relied on for implementation of projects or preparation of new proposals likely were the same ones engaged on the working groups. Second, in planning for new programming, there was the risk that the priorities which eventually emerged from the strategy would be different from those contemplated by donors. Similarly, a central feature of any strategy must be its macroeconomic context as it will contain many recommendations that impact directly or indirectly on macroparameters. Therefore, analyses and recommendations being made by international financial institutions could vary from those of the strategy.

The obvious way to mitigate these pitfalls would be for donor agencies to delay initiation of new programs unless the government puts forth a compelling case to proceed. Both the government and donors in Guyana were reluctant to delay their efforts, which is understandable since the approach was experimental (although the UNDP has delayed its country strategy until the government's strategy is complete, and the IDB postponed some of its programming). If, in the final analysis, the Guyana model is considered effective and replicable, this aspect of the process should be considered carefully.

G. The Role of a Third-Party Facilitator

One of the most innovative aspects of this effort is that an NGO has played a role in a realm normally reserved for bilateral and international donor agencies. Some of the success to date, particularly in catalyzing the dialogue and advancing the process, is attributable to this. Since GDI's stance in the exercise was neutral in terms of economic ideology, and since it had no financial resources to disburse, it was able to play a unique role vis-à-vis donors and government. This contributed to the government giving GDI a free hand in promoting dialogue on policy issues in the case of some of the working groups. Also, as an organization outside the diplomatic community, The Carter Center can have a much more fluid role within the country, interacting freely with a variety of governmental, nongovernmental, and political actors. On many subjects, such as forestry, tourism, Amerindian policy, environmental policy, women in development, and the sugar industry, GDI played a role in fostering a more constructive and conclusive discussion of issues between government and nongovernmental actors than previously had prevailed.

H. The Political Dynamic

The political environment in which development assistance is applied has come in for increasing attention in recent years. Donors increasingly have conditioned their assistance on political reforms requiring more open and more democratic systems. From an economic standpoint, they did so out of the observation that political instability and/or lack of domestic support for the reforms often resulted in sharp reversals of economic policies. Public engagement in setting the course of economic policy is, therefore, highly desirable as it can help build public understanding and support for needed reforms. Furthermore, it increases the prospect that there will not be sharp reversals when and if governments change, not to mention the contribution such engagement makes to the democratic ethic. The development strategy exercise in Guyana was structured to meet these very concerns, both in its engagement of various groups in the drafting process and in the dialogue to follow.

In this context, the role of political parties arose, specifically, whether or not they should have been more integrated into the process. This raises a number of questions. For example, should political parties be

engaged from the beginning in formulating the terms of reference and modalities for the strategy exercise, or are they the purview of government? Can working groups accomplish their technical role if some members are selected on the basis of political affiliation? Is it sufficient to inform political parties of the drafting process on the grounds that they will be part of the national dialogue when the draft is completed? In the final analysis, could it be expected that national consensus would emerge, or would the government inevitably have to treat the strategy as its own?

I. Status of Ongoing Donor Assistance

As successful as the drafting and completion of a development strategy may be, it remains nothing more than a potentially better process until it is put to the test of implementation. In the original concept of the steps to be taken to evolve Guyana's strategy, it had been anticipated the final phase would consist of establishing time frames over which each of the sectoral strategies might be accomplished based upon estimates of cost versus resource

availability. This proved to be more than could be done within the time frame. Still, this task remains to be done to establish a more coherent set of realistic priorities among the multiple objectives.

As the country moves toward implementation, the obvious question is where will it get the human resources to carry out the process? For example, even with the best will and a clear set of priorities regarding required legislative and regulatory reforms, drafting skills are critically lacking. Thus, the strategy process cannot be considered complete until the parallel implementation plan also has been prepared to include a realistic identification of the human skills required. Once this is done, it is very likely the government will have to make a decision on the degree, and the time frame on, which it must rely on external expertise. It also must decide the compensation it is prepared to pay to attract the best of indigenous expertise. Donors in turn will have to orient their programs not only to filling the human resource gaps but also to devoting more resources to training of indigenous personnel to replace expatriates within a specific time frame. ■

Appendix 2
Global Development Initiative (GDI)
Advisory Group Meeting
June 6, 1996

AGENDA

Opening Remarks

Former U.S. President Jimmy Carter
 9:00 - 9:20 a.m.

Presentation

A National Development Strategy for Guyana: *Shared Development
 Through a Participatory Economy*
 President Cheddi Jagan, Republic of Guyana
 9:20 - 9:50 a.m.

GDI Project Overview

GDI Team - The Honorable Minister of Finance Bharrat Jagdeo, Republic of Guyana
 and Dr. Roger Norton, The Carter Center
 9:50 - 10:35 a.m.

Break

10:40 - 10:55 a.m.

Observations

The Honorable Hugh Desmond Hoyte, President of Guyana (1985-92)
 11:00 - 11:20 a.m.

Lessons Learned (Q&A session included)

GDI Team
 11:20 - 11:55 a.m.

Lunch

12:00 - 1:00 p.m.

Placing Lessons Learned in the Global Context: Institutional Perspectives
 Statements by USAID, the World Bank, UNDP, and the Overseas Development Council
 1:05 - 2:05 p.m.

Open Discussion

2:05 - 3:15 p.m.

Break

3:20 - 3:35 p.m.

Open Discussion

(continued) and GDI - Next Steps
 3:40 - 5:00 p.m.

Reception

Appendix 3

GDI Advisory Group Meeting: Participants

June 6, 1996

Government of Guyana

Dr. Cheddi Jagan, President
Mr. Bharrat Jagdeo, Senior Finance Minister
Mr. Desmond Hoyte, People's National Congress Party
Mr. Haslyn Parris, People's National Congress Party

International Financial Institutions and Multilateral Development Banks

Inter-American Development Bank

Mr. Havelock Ross-Brewster, Executive Director
Mr. Ciro de Falco, Manager, Regional Operations Department III
Mr. Frank Vukmanic, Division Chief, LAC

International Monetary Fund

Mr. Rattan Bhatia, Deputy Director of Policy Development and Review
Mr. Samuel Itam, Deputy Division Chief, Caribbean Division
Mr. Ebrima Faal, Desk Economist, Guyana
Dr. Ganga Ramdas, Assistant to the Executive Director, Brazil

The World Bank

Mr. Armeane Choksi, Vice President, Human Capital Development
Mr. David Stanton, Alternative Executive Director to the World Bank, United Kingdom
Mr. Paul Isenman, Director, Country Department III
Mr. Philippe Nouvel, Division Chief, Country Operations II
Mr. Sawai Boonma, Country Officer, Guyana

Bilateral Development Agencies

U.S. Agency for International Development

Mr. Brian Atwood, Administrator
Mr. Mark Schneider, Assistant Administrator, LAC

Canadian International Development Agency

Ms. Hugette LaBelle, President

Government of Israel Center for International Agricultural Development Cooperation

Mr. Yitzhak Abt, Director

Norwegian Ministry of Development Cooperation
The Honorable Kari Nordheim-Larsen, Minister
Mr. Hans Brattskar, Assistant Director-General

European Commission
Mr. Carlos Costa, Chef de Cabinet, Commissioner of Development
Mr. Aslam Aziz, Delegate, Washington, D.C.
Mr. John Caloghirou, Resident Representative, Guyana

U.N. Agencies

United Nations Development Program
Mr. Carlos Martinez, Resident Representative, Guyana

World Health Organization
Dr. Michael Jancoes, Director, Intensified Cooperation with Countries
Dr. Dev Ray, Senior Scientist, Division of Strategic Support to Countries

International Nongovernmental Organizations

Global Coalition for Africa
Ms. Aileen Marshall, Senior Consultant

InterAction
Ms. Carolyn Long, Senior Vice President

Overseas Development Council
Mr. John Sewell, President

Winrock International Institute for Agricultural Development
Dr. Earl Kellog, Senior Vice President

World Resources Institute
Dr. Walter Reid, Vice President, Programs

Foundations

Carnegie Corporation of New York
Dr. David Hamburg, President
Dr. Pat Rosenfield, Program Chair, Strengthening Human Resources in Developing Countries
Ms. Andrea Johnson, Program Officer

W. Alton Jones Foundation
Dr. Pete Myers, Director

University Delegates

Emory University

Dr. William Chase, President

Dr. Fran Wenger, Director, Transcultural and International Nursing Center, Nell Hodgson
Woodruff School of Nursing

Mr. Jim Setzer, Senior Scientist, Rollins School of Public Health

University of Georgia

Mr. L. Harlan Davis, Director for International Development

University of Rhode Island

Dr. Stephen Olsen, Director, Coastal Resources Center

Other Organizations

Mr. Peter Dean, International Law and Practice Session, American Bar Association

Mr. Orrin Marshall, President, Guyana Association of Georgia

Mr. Christopher Ram, President, C. Ram & Company, Guyana

Mr. Neil Wray, Honorary Trade Representative of Guyana, Atlanta, Georgia

The Carter Center

The Honorable Jimmy Carter, Chairman of the Board

Mrs. Rosalynn Carter, Vice Chair of the Board

Dr. John Hardman, Executive Director

Ambassador Marion Creekmore, Director of Programs

Dr. Robert Pastor, Director, Latin American and Caribbean Program (LACP)

Ambassador Gordon Streeb, Director, Global Development Initiative (GDI)

Ms. Pam Wuichet, Director of Development, Programs

Dr. David Carroll, Associate Director, LACP

Ms. Debbie Davenport, Assistant Director for Projects/Environment, GDI

Mr. Jason Calder, Program Coordinator, GDI

Mr. Raymon Mohamed, Office Director, The Carter Center, Georgetown, Guyana

Dr. Roger Norton, Team Leader, GDI, Guyana

Ms. Viodelda Villalaz, Assistant Coordinator, GDI, Guyana

Ms. Doreen Crompton, Consultant, GDI

Appendix 4

National Development Strategy

Technical Working Groups

1. The External Sector and Trade and Exchange Rate Policies
2. Monetary and Banking Policies
3. Labor and Employment Policies
4. Poverty Alleviation
5. Environmental Policy
6. Infrastructure - Transport Development
7. Infrastructure - Energy
8. Infrastructure - Water Control and Flood Management
9. Health Policy
10. Education Policy
11. Women, Gender, and Development
12. Amerindian Policy
13. Urban Development and Housing
14. Agriculture - Agricultural Land Policy
15. Agriculture - Institutional Framework for Agriculture
16. Agriculture - Rice Development
17. Agriculture - Other Agriculture
18. Forest Management
19. Fisheries Policy
20. Mining Policy
21. The Sugar Industry
22. Policy Framework for the Private Sector and Manufacturing
23. Tourism Policy

Appendix 5

June 8, 1995

National Development Strategy Terms of Reference for the Technical Working Groups

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1. Introduction	2
2. Structure and Nature of the Strategy Document	3
3. National Development Objectives	4
4. Fundamental Conditions for the Development Process	5
5. Outputs from the Technical Working Groups	8
6. Mechanisms of Coordination	9



Ministry of Finance

8 June 1995

8 June 1995

National Development Strategy**TERMS OF REFERENCE FOR THE TECHNICAL WORKING GROUPS**1. Introduction

On a number of prior occasions, the Government of Guyana has articulated its vision of the country's future development¹, and it has been moving to implement that vision through formulation and implementation of policies and programs. The economy has responded in a decided manner, expanding at an average rate of 7.6% per year for the past four years, with attendant increases in employment. Nevertheless, to guarantee that this growth is continued and broadened to all sectors of the economy, considerable work still remains in filling out the policy framework and in developing specific sectoral policies and implementing them, in a manner that ensures their integration with the country's overall strategy.

For this reason the Government is initiating a broadly-based effort to formulate a consistent and comprehensive National Development Strategy. The strategy will reiterate and amplify the overall directions that the economy should take as it continues its expansion, and it will also articulate specific policies and investment requirements. The document is intended to serve not only as general orientation for Guyana's development process, but also as a guide to implementation of specific policies, even to identifying needed changes in the existing legislative framework.

¹ See, for example:

His Excellency Cheddi Jagan, President of Guyana, State Paper on Guyana: The Government's Vision of Development, presented to the National Assembly, Georgetown, March 7, 1994.

His Excellency Cheddi Jagan, "Guyana: Government Policy Orientation," presented at the Conference of the Caribbean Group for Cooperation and Economic Development, Georgetown, Guyana, January, 1994.

Hon. Samuel A. Hinds, Prime Minister, "Human Development, Directions in Policy Formation and Implementation -- Production: Strategies and Approaches, the Role of Private Enterprise, Cooperatives, State Sector, Labor Movements and NGOs," prepared for the PPP/Civic Seminar, Freedom House, Georgetown, March, 1992.

We are now at a fundamental stage in our renewed development process, a stage in which clear decisions and guidelines are required. We are an economy rich in natural resources, and we expect those sectors to continue to expand, but the desired level of social and economic development cannot be attained through promotion of agriculture and extractive industries alone. We need to enhance the value added that is generated in Guyana as a consequence of exploiting our resources, and develop our own specializations that will be internationally competitive and therefore enduring. Over the longer run, increases in productivity are the only way to be sure that real earnings continue to increase.

Concomitantly with that process, and as part of it, we need to strengthen our base of human resources and reduce the poverty that still is too prevalent in town and countryside. We need to rehabilitate, modernize and widen our network of both physical and social infrastructure.

Above all, we should ensure that Guyana's development is sustainable and is widely shared among the populace and not confined to a few enclaves or social strata, and that each citizen has ample opportunity to participate in the basic economic and political decisions that affect the daily lives of everyone.

The challenge for this National Development Strategy is to articulate the fundamental policies that will guide our economy along such a path, not only for the next few years but in the medium and longer run as well.

2. Structure and Nature of the Strategy Document

The National Development Strategy will consist of two volumes. Volume I will state the overall vision and objectives of the development process, define the most essential requirements that must be fulfilled to achieve the objectives, and summarize the macroeconomic and sectoral policies and programs that will be carried out under the strategy. Volume II will present more detailed statements of those policies, along with an investment program and an outline of needed new legislation.

Throughout, the work on the strategy will be focused on identifying objectives and corresponding sub-objectives in each area, and specific constraints that must be released in order to attain those objectives. Thus, for each sector the work will begin with a review of the present situation and the past evolution of policies, an identification of principal outstanding issues or constraints to be addressed, and an analysis of why those constraints have arisen and what approaches will be most effective in overcoming them. Priorities will be identified. Simple lists of desired actions or states of being will be eschewed, in favor of analytic linkages between objectives, characterization of problems, and remedial courses of action, always moving from the more macro level to the more micro level.

Throughout, the process of identifying the most effective ways to achieve our national goals will be analytical and pragmatic, always guided by the objectives at the overall and sectoral levels. The solutions proposed will arise out of careful analysis of causes and effects, accompanied by considerations of cost-effectiveness and implementability. When possible, optional policies will be

defined and evaluated, and mention of promoting or encouraging certain developments will not be made without saying how it is to be done. Thus, the document will present an overall strategy and vision of where Guyana is heading, with its aspirations for the future, and at the same time enunciate concrete policies for putting that strategy into effect.

3. National Development Objectives

As mentioned, the Government has spelled out its broad approach to development on several occasions, and the general public is aware of many of the objectives in specific areas. For the purposes of the strategy document, it is important to establish which objectives are overarching in nature, and which are contributory to achieving the principal ones. By the same token, it is necessary to prioritize the contributory objectives, or sub-objectives, and to identify the key constraints that need to be overcome in order to fulfill the objectives. These steps will be crucial to identifying the concrete policies that are needed in order to be able to satisfy the objectives.

At the broadest level, the number of objectives or goals is necessary few, and the more detailed objectives are means for achieving the broad goals. Our President expressed very well the most all-encompassing goal of the development process:

"It is the progressive realization of the capacities, abilities and talents of each individual for his/her own satisfaction and enhancement of the social good, including the environment."

and

"This concept one might refer to as 'human development' or 'people-centered development...'"²

For the National Development Strategy, this overall goal is adopted and the following national objectives are established as necessary for the achievement of that goal:

- 1) Rapid growth of average real incomes.
- 2) Poverty alleviation/reduction.
- 3) Satisfaction of basic social and economic needs.
- 4) Sustainment of a democratic and fully participatory society.

Given the current lagging state of our economy, substantial increases in incomes, in the sense of purchasing power, will be essential to permit our citizens to realize their talents and aspirations. For that reason **economic growth** *per se* has to play an important role in the strategy. As many countries' experiences have shown, from the East Asian 'Tigers' to Mauritius, Cyprus and Jordan and Chile and Costa Rica, rapid growth above all means employment creation and increases in real wage earnings.

² State Paper on Guyana: The Government's Vision of Development, *op. cit.*, p. 1.

However, growth alone is not a sufficient objective, particularly if it does not involve all segments of the population. For that reason, the objective of **poverty alleviation/reduction** has equal standing, for special emphasis will be placed on raising the incomes of the poor more rapidly than for the population as a whole. This is the distributional aspect of the growth process. In the words of President Jagan's State Paper, "The Government of Guyana is committed to attaining growth in a highly equitable manner."

There are two approaches to poverty alleviation/reduction: temporary subsidies to enable the lower income groups to have access to sufficient amounts of food and other basic necessities, and creation of an economic environment that will enable them to secure those necessities through exertion of their own abilities. The latter is the preferred course, although the former approach is a necessary complement in the interim, until the income-earning capacities of the poor are expanded sufficiently. The long-run aim is clear, as again President Jagan expressed it in his State Paper: "In other words, we are ultimately more concerned with ... the strengthening of self-reliance, the eradication of poverty ... rather than with handouts to relieve poverty."

The distributional question has a spatial dimension as well. We are very aware that the population in the interior regions of the country, especially the Amerindian groups, have tended to become marginal players in the country's development process. We intend to remedy that situation while putting in place guarantees that the Amerindians may follow their own choices of lifestyles.

The third fundamental objective, of **satisfaction of basic social and economic needs**, is a necessary component of the strategy because higher incomes alone do not guarantee sufficient access to pure water, health services, education, and other forms of social infrastructure, including opportunities for cultural enrichment. A recent survey by IICA and IFAD has shown that in the coastal areas of the country 51% of the poor do not have their basic needs met, and in addition 19% of the non-poor also suffer that problem, so the problem is rather widespread and somewhat independent of poverty per se.³ It undoubtedly is more serious yet in the interior regions.

The fourth fundamental objective, of **sustaining and democratic and fully participatory society**, can be achieved in part through continuing the national commitment to an open political process, but the economic strategy also can be designed in a way that favors widespread participation in economic decision making and an active role by local organizations, both governmental and non-governmental, in all the decisions that affect their communities. This approach can be contrasted with one that encourages monopolies and relies on centralized decision-making. One of the approaches utilized to achieve this goal will be broadening the basis of ownership of the country's economic capital.

³ IICA and IFAD, Results of Socio-Economic Survey in Coastal Areas of Guyana, Georgetown, 1994.

4. Fundamental Policy Conditions for the Development Process

While these four principal objectives will guide the development of the strategy, including the definition of sector-level objectives, there are additional considerations of an overarching nature that will be incorporated into the strategy and its implementation. In brief, Guyana will not pursue objectives at any cost; the strategy will incorporate **policy conditions on the development process itself**, and will specify orientations and measures that help ensure that these conditions are continuously observed.

Basically, these conditions refer to the sustainability of the development process, in different dimensions, so that in later years we will not lose the gains made in the first years of the strategy. The process has to be:

- 1) Environmentally sustainable.
- 2) Fiscally sustainable.
- 3) Institutionally sustainable.

Environmental sustainability

The environment not only is critical to our health and well-being but, more than in most countries, it is our source of livelihood. Short-sighted approaches to managing the environment will undercut the basis for the prosperity of future generations and also will damage the health and earnings capacity of the present one. Our water and soil resources, so vital to life itself, are fragile and can easily be affected by economic activity. The positive side of the picture is that in many countries and contexts conceptual approaches and technologies have been developed that can permit a continuation of economic growth while at the same time providing the necessary protection to the natural environment. The challenge for us is to adapt those lessons, and create our own complementary approaches as necessary.

The Government of Guyana, working together with NGOs and representatives of the University of Guyana, prepared a comprehensive plan for environmental action.⁴ It is preparing legislation in this field as well, and it is committed to the formation of an Environmental Protection Agency. The plan covers the fields of coastal zone management, liquid and solid waste management, natural resources, mining and Amerindian peoples, as well as the institutional and legal aspects of those issues. This document, and the scientific studies that underpin it, will serve as a basic guideline for the environmental aspects of the strategy. At the same time, the environmental plan will be reviewed to determine if it needs to be updated or extended.

Fiscal sustainability

⁴ Government of Guyana, National Environmental Action Plan, Georgetown, 1994.

Fiscal and monetary stability is one of the prerequisites for a prosperous economy, and control of the fiscal deficit is in turn a requirement for that stability. Great strides have been made in reducing the deficit, but further efforts are required. In addition to simply reducing the deficit, it is important that Government programs be placed on a self-sustaining basis wherever possible, through user fees for example, so that it is the main beneficiaries of the programs who acquire a vested interest in adequately funding them and monitoring their performance. In addition, the base for generation of fiscal revenues needs to be as equitable as possible, because the public's perception of fairness in taxation is essential to its continuation in the long run.

Equally, subsidies should be oriented in the directions in which they can be effective and are justified, and vigilance must be maintained not to introduce generalized subsidies or those aimed only at special-interest groups. The discipline of economics and also development experience throughout the world teach us that subsidies are justified in the following circumstances, and in no others:

- Assistance to impoverished groups in meeting their essential needs until they acquire the means to do so themselves.
- Assistance in supplying basic social services that the economy would not provide on its own, although in this case it is important to reduce the magnitude of the subsidy as much as possible through user fees.
- Transitional subsidies for the purpose of eliminating long-run subsidies, as in cases in which the Government subsidizes the purchase of shares in state enterprises by workers or the public as a whole, as part of a process of divestment which reduces the recurring drain on the public finances.
- Subsidies to compensate for environmental externalities, as in underwriting part of the costs of environmental management programs or improvements that benefit the general public.

Used judiciously, these four classes of subsidies can be powerful instruments for promoting the attainment of the goals of the National Development Strategy, and there is no need to have recourse to other forms of subsidy. Otherwise, we would run the risk of jeopardizing the stability of the economy and consequently discouraging productive investments and eroding the purchasing power of pensioners and low-income groups in general.

Institutional sustainability

Institutional sustainability, or viability, is one of the keys to ensuring that the strategy can continue to produce benefits over the medium and long run. Quick fixes in an institutional sense can do more harm than good. Clearly one of pillars of institutional viability is assuring sustainable financing. We have a painful example in the area of health, in which "low salaries and ... deteriorated infrastructure ... make it very difficult to attract and retain staff to work in the public health system"

and "over 90% of the specialist medical staff in the public sector are expatriates."⁵ This is an issue that has to be confronted in several sectors.

Other aspects of institutional viability concern the structure of the institutions themselves. For example, the Government has made a commitment to involve local entities more in the management of the drainage and irrigation systems, in recognition that it is the local users who have the greatest interest in maintaining the system and the greatest awareness of priorities in that area. Another example occurs (in many countries) in the field of agricultural finance, where State agricultural banks have been found to be non-viable over the long run if they do not have a true capacity for resource mobilization (deposit collection) and adequate portfolio administration procedures. If they are viewed only as channels for credit, then their ability to function is dependent on the generosity of the national treasury, and in times of fiscal stringency the banks' operations inevitably suffer. Also, if the loanable funds are not in fact deposits made by members of rural communities, the incentive for loan recovery is not as strong as otherwise. Other examples may be cited to reinforce the need for structuring institutions with a view to their long-run viability. The strategy will be based on sustainability in this sense as well as the others.

5. Outputs from the Technical Working Groups

Outputs

Each of the Technical Working Groups for the National Development Strategy is expected to produce the following five outputs:

- 1) A summary, in ten to twelve pages of text, of the issues, objectives, constraints, and recommended policies in its respective sector.
- 2) A more complete sectoral strategy document, of thirty to sixty pages, from which the above summary is drawn.
- 3) Recommendations for changes in the existing legislative framework.
- 4) Recommendations for priority investment projects, indicating approximate costs in each case. (This exercise will drawn upon work already underway under coordination of the Ministry of Finance.)
- 5) A bibliography of materials used by the group.

⁵ Ministry of Health, in collaboration with Public and Private Health Sectors, Draft National Health Plan of Guyana, 1995-2000, Georgetown, January, 1995, pp. 63-64.

The complete sectoral strategy will be expected to be structured according to the following outline:

- 1) Basic features of the sector, using data to the extent possible.
- 2) Past evolution of policies in the sector and description of current policies as observed in practice.
- 3) Description of the principal issues and constraints facing the sector.
- 4) Establishment of sectoral objectives. These objectives should be designed to play the roles of:
 - a) Contributing directly to the **fulfillment of the overall objectives** listed above.
 - b) Contributing to **satisfaction of the policy conditions on the development process** that are described above.
 - c) Contributing to **overcoming economy-wide constraints** that may be defined and communicated to the working groups.
 - d) Contributing to **overcoming sector-level constraints** to the achievement of the sectoral and national objectives.
- 5) Discussion of basic alternative lines of policy for the sector for achieving the stated objectives, with assessments of their advantages and disadvantages.
- 6) Systematic presentation of policy recommendations, divided into economic policies, institutional policies, and other policies.
- 7) Recommended legislative changes.
- 8) Preliminary investment program.
- 9) Bibliography.

The use of illustrative tables and graphs is encouraged.

The summary documents of ten to twelve pages will include only sections 3) through 6) in the immediately preceding list.

Timetable

Quite a bit of basic analysis and preliminary policy work has been done in most of the sectors, so it should be feasible, as well as necessary, to produce these documents in an expeditious manner. The Technical Working Groups should be functioning in June, and the summary document will be

required by August 15 at the outside. Work can continue to provide additional material for the complete sectoral strategy, and those documents will be due by September 30.

This is a tight but realistic timetable. It is necessary so that the Government can initiate the implementation process in areas where new policy orientations are defined, and also so that it can take the initiative in negotiating the kinds of continuing external assistance that the country will need.

Members of the Technical Working Groups will be expected to give priority to this task for its duration.

6. Mechanisms of Coordination

The coordination for the work on the National Development Strategy will be carried out through the Office of the Junior Minister of Finance, assisted by advisors from the Carter Center. The groups themselves will have representation from a large number of governmental and nongovernmental entities, along with technical-level participation from donor agencies (see attachment).

Each group will have a coordinator or two co-coordinators who will convene the working meetings, ensure that minutes are taken and distributed to all members, and provide copies of all basic references to the members. The meetings will function in a collegial fashion, and the members are expected to draw upon their own experiences and analyze objectively the available documentation. They should work as creatively as possible and should not be bound by past or current policies. The coordinators will not dictate policy guidelines to the groups but rather will moderate the discussions and will ensure that all group members have full participation. They will be responsible for seeing that deadlines are met.

Meetings of each group will take place at least once per week until the tasks are completed, and the groups may divide themselves into subgroups as required.

A Technical Coordination Group will be established in the Ministry of Finance to assist the Technical Working Groups and help define procedures in cases of jurisdictional overlap. The Coordination Group also will supply to the working groups, at intervals, statements of economy-wide constraints to development that should be considered in the formulation of sectoral objectives, i.e., some of the sectoral objectives should be addressed to overcoming those constraints. At the end of each month, each coordinator of a working group will supply a one-page summary of progress to this Technical Coordination Group.

When the preliminary draft of the complete strategy is assembled, the Government will review it at policy levels and will make arrangements for public forums at which each group can make presentations of its work to a wider public audience.

Appendix 6

8 June 1995

National Development Strategy

GUIDELINES FOR THE COORDINATORS OF THE TECHNICAL WORKING GROUPS

The National Development Strategy is being developed through a broadly-based process that draws upon outstanding national talent in all areas where policy guidelines are being formulated and refined. This effort will command our highest priority over the next few months so that it can be completed in a timely fashion and embody the most effective and appropriate approaches to achieve our national development goals.

In an undertaking as comprehensive as this is, the coordination itself is of the first importance and must be carefully planned and conscientiously carried out. The Strategy document, in its first complete draft ' will be developed through the efforts of the interinstitutional groups referred to in their terms of reference as Technical Working Groups for the National Development Strategy. A group has been constituted for each principal sector or topic in the Strategy. Each group will have one or two coordinators who will be responsible for facilitating the work of the group and for coordinating it with the Technical Coordination Group in the Ministry of Finance.

The operative emphasis is on "facilitating," for while the coordinators will play a key role in this process, their mandate does not include the writing of the documents by themselves, nor does it presume that they will impose policy solutions on the groups. Rather, it is the responsibility of the coordinator to encourage frank and open participation on the part of all members of the group and to be sure that the logical sequence put forth in the terms of reference is followed as the work unfolds.

Each coordinator's responsibilities are as follows:

- i) Identify a meeting place for the group, or several meeting places that can be used in rotation.
- ii) Convene the meetings with sufficient advance written notice, followed up by telephone calls, so that all members of the group can attend. Normally, group members will meet one or two full days per week until the task is complete.
- iii) Encourage full participation by all group members, and emphasize the objectivity of the proceedings.
- iv) Encourage the development of sound technical arguments and foundations for the policy recommendations.

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- v) Ask the group to name a rapporteur who will take careful notes of the discussions and conclusions of each session.
- vi) Ensure that facilities are provided for typing up on a computer the notes of each meeting and the partial drafts of the document as they emerge.
- vii) Ensure that copies are made of the results of each meeting and that they are distributed to the group's members at the beginning of each subsequent meeting.
- viii) Distribute to the group's members copies of all relevant background studies.
- ix) Guide the group's discussions so that the structure of the group's chapter of the Strategy follows the outline provided in section 5 of the terms of reference.
- x) Each month provide a one-page written summary of the advances of the group to the Technical Coordination Group in the Ministry of Finance. This is an essential requirement.
- xi) Advise the Technical Coordination Group of the time and place of each meeting, in advance, so that members of this coordinating body can attend from time to time.
- xii) Brief the Jr. Minister of Finance on the progress of the group as required, and attend any overall coordination sessions as requested by him or by the Technical Coordination Group.

Close relations between the group coordinators and the Technical Coordination Group will be of essence for the success of this activity. Group coordinators are expected to keep Technical Coordination group informed of progress and problems, and to ask for assistance from the latter in a timely fashion if required to fulfill any of the above responsibilities. Working group coordinators are reminded of the high importance of their roles. If it is found that a coordinator is unable to fulfill all of the responsibilities listed above, for whatever reason, he or she will be asked to step down in favor of another coordinator, while remaining as a member of the working group.

The Technical Coordination Group is charged with supporting the working groups and ensuring that their documents are consistent with each other, in areas of overlap, and are in harmony with the national objectives and macroeconomic policy guidelines that are formulated as part of the same process. This Technical Coordination Group is staffed jointly by staff members of the Ministry of Finance and advisors from the Carter Center.

From time to time the Technical Coordination Group will provide short documents that cumulatively will represent a common set of macroeconomic data and overall policy guidelines to all the working groups. The group coordinators are expected to have them copied and distribute them expeditiously to the members of their groups.

The Government appreciates the efforts of the group coordinators in this process and recognises that the task is demanding. It is a selfless role that nonetheless requires a great deal of commitment. Above all, it is a crucial role in an undertaking of vital importance for our country at this stage in its development.

Appendix 7

National Development Strategy

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Appendix 8

MEMORANDUM

To: Participants of the June 6, 1996, Global Development Initiative
Advisory Group Meeting

From: Jimmy Carter

Re: Summary of the June 6 Meeting

I convened the June 6 meeting to achieve two objectives:

1) To enable the Government of Guyana and The Carter Center to report to key donor organizations, including those who launched the Global Development Initiative (GDI), based on the results of GDI in Guyana, and

2) To evaluate together the relevance of this work in light of the evolution of new development approaches within the donor community.

In his remarks, President Jagan made several points that reflect the underlying aims in preparing the National Development Strategy (NDS).

■ The NDS is an exceptional document in respect of both the process of formulating it and the nature of the document.

■ The process has been unusually participatory; in the first stage, more than 200 national experts contributed considerable amounts of time to developing technical diagnoses of issues and preliminary sets of policy options in each area.

■ The strategy is distinguished as being both broad and deep.

■ For Guyanese, we believe this strategy will come to signify faith in the future and in our ability to work together as a multiethnic society to achieve betterment for all.

■ For the international community, the strategy initiates a fruitful dialogue and marks the beginning of a new era in cooperation.

I was pleased that former President Desmond Hoyte agreed to join us. He was instrumental in

initiating economic reforms in Guyana in the late 1980s and in bringing about his country's first ever free and fair elections in 1992. His view that the dialogue on the NDS should seek to achieve national consensus was a hopeful sign that all parties in Guyana, including the opposition, will join in a constructive review of the draft strategy.

While we will provide a more complete report on the day's discussions, I would like to summarize my assessment of where we came out at the end of the day:

■ In agreeing that a comprehensive strategy should be the first step a country should undertake to launch economic recovery, participants observed:

1) It compels government and citizens to think through clearly a coherent set of policies to achieve the objectives they themselves have set out.

2) It identifies clearly the enabling role of government and the changes required to stimulate the private sector as the engine of growth.

3) It is a means to institutionalize policies, thus providing policy consistency in government and assurance that the policy framework will survive both donor policy and government changes.

4) It becomes the instrument for coordinating donor efforts—a compact to more effective partnerships.

■ The participatory nature of the strategy drafting process:

1) Is the most innovative aspect of the GDI experience and reflects at least one area of convergence among governments and donor agencies as to how economic programs should be formulated.

2) Is a means to achieve national consensus, as much as possible, of government and stakeholders for needed economic reforms.

3) Can, by applying the approach used in Guyana, itself become the vehicle to open dialogue in an otherwise closed or contentious society.

■ The Carter Center's role in an advisory and supportive capacity in Guyana reveals the novel and necessary role a neutral third party can play in working with a country while contributing to the improvement of the global aid system.

■ Although the GDI exercise in Guyana has succeeded expectations in its breadth and quality of work, the real test comes in implementing the strategy.

1) Priorities must be set and a mechanism established to structure and then monitor implementation.

2) This process must not be so complex as to overwhelm administrative capacity.

3) An integral part of the implementation process must be incorporating programs that will build both institutional and human capacities—as one participant succinctly noted, “modernization of the state.”

■ As for the future, there appeared to be agreement that:

1) The Carter Center should respond positively to the government's request to remain engaged through the initial phases of implementation.

2) Members of the donor community will incorporate capacity building as a component of their programs in Guyana.

3) The lessons of the Guyana experience should be applied more widely and shared with organizations and developing countries around the world.

■ In particular, The Carter Center should seek to replicate this winning formula in one or two other countries. ■

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Appendix 9

THE GUYANA CHRONICLE

Wednesday, January 8, 1997

Unite to develop Guyana

President Jagan at launching of
National Development Strategy

BY WENDELLA DAVIDSON

PRESIDENT Cheddi Jagan has appealed to all political parties to put partisan politics aside so that they can all work together to develop the country.

He made the call while addressing a gathering at the launching of the National Development Strategy at the Office of the President yesterday morning.

The handing over of the draft document to the President by Finance Minister Bharrat Jagdeo was witnessed by a small gathering of Government ministers, members of the diplomatic corps, and other invitees.

President Jagan in urging all Guyanese to participate in the consultative process, noted that the future of Guyana does not lie in the hands of any one political party.

"Rather, our future lies with our people...all of us. We would all have to channel our collective energies, visions, aspirations and hope and work together to make our Guyana the envy of the Caribbean and indeed this hemisphere. We must not miss this golden opportunity before us now. We have the resources, foresight and fortitude to transform our natural and human resources to the advantages of all our peoples.

"Let us therefore, work together to develop our country," the Guyanese leader said adding that it is our duty and that we owe it to future generations to make this country a better place than we found it.

In extending special thanks to the members of the 23 working groups, other Guyanese, the Carter Center and the international donor community for their tireless efforts and assis-

tance in completing the document, the President noted that when the initiative was started, the objective was a simple one.

That was to present a forward-looking creative vision that will frankly address our most basic social and economic problems, especially in the areas of production and productivity, health education, housing, poverty reduction and the role of women and Amerindians, the President explained.

According to him, the NDS contains a significant amount of technical analyses of the issues that are of concern to citizens, and provides a logical framework of the requirements that will be crucial to charting a successful economic and social path for our country.

It also places a major responsibility for full integration in all aspects of life by all Guyanese. Dr Jagan added that development is the progressive realisation of the capabilities,

abilities and talents of each individual for his or her own satisfaction and enhancement of the social good.

In playing the role as the engine of growth, the private sector must have a social conscience, President Jagan said.

"We want economic growth with social equity - social justice and ecological justice. Managerial re-engineering must involve the working people in fundamentally a participatory way," he added.

Dr Jagan said that the NDS provides the opportunity especially for our political parties to work together. It is a document that if properly implemented would create more opportunities for every Guyanese and translate our dreams and visions into reality.

For the international community, the strategy initiates a fruitful dialogue for genuine partnership for sustainable development and marks the beginning of a new era in cooperation, the President declared.

"In fact," he added, we believe that the NDS should be the point of departure for programming of international assistance because it establishes the policy framework that Guyanese would like to see supported and the areas of priority actions."

He further urged that the document be taken into serious consideration in the planning of international technical and financial support, adding that it is in that regard that he is appealing for the rights of a poor country to play a major role in charting its own future course and a collaborative spirit in moving the country along that course be respected.

Giving an insight into the formulation of the Strategy, Minister Jagdeo observed that the document aims at initiating the public process of consultation.

He noted that he shares a proud moment with all those who were involved in one way or another in the preparation of the document and understood the many difficulties they have had to overcome before arriving at the final process.

According to Minister Jagdeo, initially they were confronted with the question of what would be the best approach in the formulation of the strategy, since it essentially had to be participatory in nature.

The final decision was that a document would be developed utilising a wide cross-section of some of the best brains in the country, which included experts from the public and private sector, and then putting it forward for national scrutiny.

Overall guidance was provided by the Ministry of Finance in the evolution of the strategy, but, the Finance Minister pointed out, an effort of such magnitude could not have been accomplished by one Ministry or a small group.

Hence, the reason for the bulk of the work being executed by 23 technical working groups embracing more than 200 individuals from government, business community, non-governmental organisations (NGO's) and the University of Guyana, along with a handful of resident experts from international and bilateral donor agencies.

They met approximately 300 times to put their vast technical expertise at the disposal of the strategy.

Advisory assistance and coordination of the undertaking was provided by the Carter Center with assistance from personnel from the Ministry of Finance.

Minister Jagdeo further explained that the NDS was initially developed around four broad developmental objectives.

These he noted were a rapid growth of income of the population in general, poverty reduction, satisfaction of basic social and economic needs and sustenance of a democratic and fully participatory society.

Head of the Presidential Secretariat, Dr Roger Lashco who said the experience was an educational one for him noted that the national good is properly served in generating such a document and making it available for national consultation and subsequent adoption.

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THE STABROEK NEWS

Thursday, January 9, 1997

President urges all-party approach to development plan -three-month consultation planned

By *Gianjoti Persaud-Singh*

THE draft National Development Strategy was formally launched on Tuesday at the Office of the President when Finance Minister Bharrat Jagdeo gave the first copy to President Cheddi Jagan.

And the President, sharing the moment, made an appeal to all political parties to put partisan politics aside and work together to develop Guyana.

"The National Development Strategy provides the opportunity, especially for our political parties to work together. It is a document that if properly implemented would create more opportunities for every Guyanese and translate our dreams and visions into reality," Dr Jagan urged.

The first few chapters of the strategy were sent to Minority leader Desmond Hoyte some time ago but Jagdeo indicated on Tuesday that no comments had been forwarded on same.

"I spoke to Dr (Kenneth) King (former PNC General Secretary) on whether he had any comment and he said no," the minister told *Stabroek News*. The PNC had firmly opposed the Carter Center's involvement in the strategy, but a sort of unspoken truce was formed in Atlanta during a coo-

ference when the government promised to forward the first few chapters of the strategy to Hoyte.

Jagdeo, the local coordinator of the strategy, announced on Tuesday that the strategy will be made available to all political parties, non-governmental organisations, the donor community, the private sector and other interest groups.

He said there will be a three-month consultation process and a secretariat has been established at the Ministry of Finance to receive written submissions for a period of approximately two months. While these are being received, there will be a concurrent public sensitisation programme outlining the basic thrust of the document. And there will be public symposia and workshops to ensure widespread involvement for approximately one month.

The minister said after this a special task force comprising representatives of the political parties, NGOs, the private sector, the trade union movement, academia and related specialists will be set up to review the submissions and incorporate them into a final document.

The minister expects to have the final strategy in four months, despite the delays which plagued the first draft which had been planned for launching on May 26 last year.

After the final version is ready, special programmes and projects will be elaborated to give effect to the recommendations, said Jagdeo.

Dialogue

President Jagan said that for the international community the strategy initiates a fruitful dialogue for genuine partnership for sustainable development and marks the beginning of a new era in cooperation.

"In fact, we believe this strategy should be the point of departure for programming of international assistance because it establishes the policy framework that we would like to see supported and the areas of priority action," said Dr Jagan. He said the government did not ask or expect agreement on every aspect but it was asking that the strategy be taken into serious consideration in the planning of international technical and financial support.

"In this regard, we ask for respect of a poor country's right to play a major role in charting its own future course and a collaborative spirit in moving the country along that course," the President added.

Over 200 Guyanese worked on the strategy through 23 working groups embracing individuals from the government, NGOs, the business community and the University of Guyana. The Carter Center pro-

vided advisors and helped coordinate the undertaking jointly with personnel from the Ministry of Finance.

Jagdeo said the working groups met approximately 300 times and were guided by four broad development objectives. These were:

- Rapid growth of incomes of the population in general.
- Poverty reduction.
- Satisfaction of basic social and economic needs.
- And sustaining a democratic and fully participatory society.

Economy

"Given the still-lagging state of the economy, substantial increases in incomes in the sense of purchasing power, will be essential to permit our citizens to realise their potential," said Jagdeo. For that reason, promotion of economic growth has to play a central role in the strategy as many countries' experiences have shown rapid growth above all leads to creation of employment and increases in real wage earnings.

But growth alone was not a sufficient objective, particularly if it did not involve all segments of the population. Therefore, poverty reduction had equal importance as emphasis would be placed on raising the incomes of the poor more rapidly than for the population as a whole. This, Jagdeo

contended, was the distributional aspect of the growth process and commitment to attaining growth in a highly equitable manner.

The third objective, Jagdeo said—the satisfaction of basic social and economic needs—was an essential component of the strategy because higher incomes alone did not guarantee access to pure water, health services, education and other forms of social infrastructure, including opportunities for cultural enrichment.

The fourth objective of sustaining a democratic and fully participatory society could be achieved in part through continuing to uphold the national commitment to an open political process. But the economic strategy also could be designed in a way that favoured widespread participation in economic decision-making and a more active role by local organisations, both governmental and non-governmental; in all the policies, plans and projects that affect their communities.

Volume One of the strategy is a summary of the entire strategy. Volume Two deals with the macroeconomic strategy, Volume Three the social sectors, Volume Four the productive sectors, Volume Five the infrastructure sectors and Volume Six the investment programme and legislative requirements for the strategy.

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Advisory committee

And the minister indicated that the Presidential Advisory Committee on Sustainable Development, which is to be established shortly and co-chaired by Professor Clive Thomas, will be looking at this strategy on an ongoing basis.

Asked how the draft strategy complemented or deviated from the PPP's policies, the minister noted that the strategy was the work of a number of technicians; the best minds in the country.

"They worked and came up

with detailed recommendations but the basic themes we as a country cannot deviate from; those of human resource development, rebuilding our infrastructure, making the public sector more efficient, make it support the private sector, using the private sector as the engine of growth. Those are basic themes accepted by all political parties," said Jagdeo.

Thomas, who was present, could not comment on the strategy as he did not have a copy. But he said the idea behind the plan was more of a strategic set of ideas.

"The plan I would imagine is not an old-fashioned plan where you have rigid goals and rigid criteria and you fixed consumption in a rigid and fixed way and you would determine

the composition of goods in a way that is unchangeable. It really should be indicators, of the direction in which public policy would like the country to go," said Thomas.

However, commenting on the Presidential Advisory Committee, he said he had written to the President on how it should be composed to be participatory. He has not had a response to that and feels it is a little late to establish the committee as the country is now running into an intense political year.

President Jagan said the strategy "also places a great responsibility on the private sector as the engine of growth and provides for full integration in all aspects of life by all Guyanese" He called on the private sector to take this mantle to have a social conscience.

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THE STABROEK NEWS

Thursday, January 16, 1997

Berbice seen as industrial growth pole

By *Gitanjali Persaud-Singh*

- in National Development Strategy

THE National Development Strategy, the theme of which is shared development through a participatory economy, sees itself as the key to unlocking Guyana's potential to achieve sustained and rapid growth.

It projects that with another decade of strong economic growth, drawing on the lessons of countries which have surmounted barriers to underdevelopment, poverty will be reduced considerably. And with two decades of rapid growth, Guyana will break out of the category of underdeveloped nations.

The much touted strategy, the draft of which has been completed and is now being circulated for discussion, covers four broad areas: macro-economic policy, the social sectors, the productive sectors and the infrastructure sectors.

Looking ahead to the year 2006, the strategy says the developments which occur over the next 10 years will create a cumulative momentum of their own and create even greater change by 2016. This it says may be seen in the dynamics of income growth. At six per cent annual growth of per capita income, incomes would be 179% of current levels by 2006 and 321% by 2016.

If this pace is sustained until 2026, which some East Asian economies have done for the past 30 years, average incomes would be almost six times their present levels.

"In trying to lay out a consistent and robust course for the future, we are attempting to get onto a fast motorway where milestones slip by at an accelerating rate." Chapter 111 of the summary volume of the strategy states.

Export-driven growth

Growth in income, it says, must be pursued in the making of policy for the nation to lift the cloud of poverty from many of the country's lowest-income families. This will be especially true if the growth is export-driven.

More women are expected in the workforce in 2006 and new jobs created especially in woodworking industries, metal working, textiles, agro-processing and international transport and trade.

Berbice is expected to augment its non-agricultural employment, to become another industrial growth pole around the planned deepwater port.

The demand for skilled professional services is expected to grow apace, particularly in areas such as computer use and those related to international trade.

Eco-tourism, the strategy predicts, will grow in importance, with new lodges built in the hinterland, and with Amerindian communities more fully incorporated in the operations of that sector.

And to meet the developing requirements for new skills, new training centres will come into existence at various points in the country and vocational training will be more closely coordinated with the private sector, the main user of trained labour.

It is envisioned that there will be huge increases in the production and export of non-traditional agricultural products. Per hectare sown, such crops create several times more employment and much more income than rice, sugar or pasture, and will give greater buoyancy to the rural economy.

Aquaculture is expected to be an especially advantageous growth industry and in this and other areas, the country expects to attract international investment and expertise. Fishing families will also see their incomes increased because of widespread availability of cold storage facilities, which will improve the value of their catches. Income growth throughout the economy will raise consumption demands for seafood and correspondingly improve nutritional standards.

Small businesses

Small businesses, which are seen as the most dynamic element of an economy, can expect to find a simpler system for registering themselves and starting up operations. In the case of agricultural land, improvements in the leasehold system and accelerated titling in freehold will enable farmers to have better conditions for collateral and thus better access to production credit. It is expected that the amount of land left idle will also decline.

Poor families can expect better access to land, a measure which will augment their earning power significantly. This is expected to take place because of the opening of new agricultural land and better utilisation of existing land via rental and purchase.

All of these developments, the strategy expects, will facilitate a shift of part of the labour force out of bauxite and sugar, which are no longer sectors with vibrant prospects for expansion and into sectors with higher growth potential.

The public sector's labour force is not expected to expand but to shrink somewhat through natural attrition. However, salary levels are expected to rise much closer to comparability with those in the private sector. Training options offered by the public sector will also increase so that its attractiveness to skilled professionals will be enhanced.

The University of Guyana is expected to play a revitalised role in preparing Guyanese for the future. This will be via improved management, broader links to universities abroad and at least one internationally recognised Centre of Excellence. The likelihood of at least one branch of an international university being established here is also projected.

The strategy forecasts substantial strengthening of primary education and distance learning techniques will disseminate a stronger educational message throughout Guyana. These changes are expected to provide important social and cultural benefits and will also improve the earning capacity of Guyana's labour force.

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THE STABROEK NEWS

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Development strategy stresses 'participatory' approach

A COMPLETED all-weather road to Lethem and an extended road network along the coast are expected to result in increases in the population of several hinterland areas, reaching as far as Region One.

This is one of the projections contained in the recently completed draft National Development Strategy.

The Berbice River will also be bridged, but well before that a rehabilitated Demerara Harbour Bridge will be in place. And large-scale hydropower and mini hydropower stations will facilitate the supply of energy to hinterland settlements. The health care network will be upgraded in remote locations, including enhanced medical transport facilities. It is expected that Guyanese will get to know the hinterland more intimately and simultaneously, the Amerindian Development Fund will be working closely with communities of indigenous peoples to meet their needs for training and for creation of diverse opportunities for employment in and near their places of residence.

Georgetown and other urban centres are expected to be graced by greenbelts and urban water and sewerage facilities of a higher standard, the plan says. Electricity outages will be only a memory, the strategy predicts, and telecommunications systems will be responsive and reliable.

More land will be freed up for housing and the financial

access to adequate housing on the part of low-income groups will be vastly improved.

"We will have a cleaner environment and businesses and consumers will be much more aware of our environmental obligations and how to fulfill them," says the strategy. Reduction in pollution levels will lead to improved standards of public health. The forests will be managed sustainably and large areas will be set aside in protected areas and non-timber concessions and will generate alternative forms of employment for local communities.

Human assets

And while it will be unrealistic to expect to recapture a substantial part of the migrated talent, these developments can be expected to halt the decline in population and probably give rise to modest increases.

As the quality of life improves, the strategy sees human assets developing again to previous standards.

However, the path to growth, the strategy stresses, is a participatory one.

By the year 2006, local communities and diverse citizens' groups are expected to be much more directly involved in planning and managing programmes that are of concern to them.

Farmers associations will be managing and maintaining their own drainage and irrigation systems and levying tariffs for that purpose. Other groupings of

farmers will be providing guidelines to agricultural researchers and agricultural extension will be a more interactive process with producers.

Coastal communities will be given greater responsibility for management of stocks of coastal species and mangrove areas. Amerindian communities will be involved in the planning and management of timber concessions, and they will also play a major role in the operation of the non-timber concessions in forest areas.

Community associations will nominate from their membership, representatives to the boards of hospitals and parents' associations will provide more input in the management of schools. Community and workplace groups will defend the rights of women and raise awareness about women's issues, and new legislation for enhancing the role of women will be in place.

Local government

The strategy expects local government to be considerably strengthened - financially and institutionally - with greater freedom and responsibility for managing projects and making the associated financial outlays and for raising revenues. The jurisdictional confusion between local and regional government will be cleared away as it is believed that local entities are much better placed than central government to manage many kinds of basic services and infrastructure.

Labour unions and workplace committees will have a much greater say in matters of training, which is the key to economic advancement, and in occupational health and safety. Labour organisations will play a greater advisory role in policy making itself.

"As a nation, we will become shareholders in productive enterprises on a wider scale. This development will bring us into partnerships with domestic and international investors and managers", the strategy says.

NGOs are expected to become partners in many areas, such as poverty alleviation programmes, environmental monitoring, the supervision of timber concessions, and the provision of other social services. The NGOs will be given some direct management responsibilities under contract with the government for some areas such as specified mangrove zones.

The business community will play a vital role alongside labour, in the design and implementation of programmes for technical and vocational education. It will also support some programmes at the University of Guyana. Its partnership with the government will be strengthened, a process that has already been initiated through the work on the National Development Strategy.

There will be a three-month public consultation on the strategy before the final product is unveiled. (GITANJALI PER-SAUD-SINGH)

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THE STABROEK NEWS

Thursday, February 27, 1997

Editorial

Exchange rates

THERE is a fascinating discussion of exchange rate policies in the National Development Strategy in which it is suggested that the Guyana dollar may currently be overvalued by between 10 and 20 percent and that in the coming years adjustments of the nominal exchange rate may be required in order to maintain the momentum of export expansion and to provide appropriate opportunities for some import-substituting industries to develop and thrive.

The rice and sugar industries have, of course, benefited enormously from the devaluation of the currency and their vastly increased Guyana dollar receipts have transformed their profitability. Both are not competitive on non-preferential world markets (a 1996 study showed sugar's cost of production as US \$410 per metric ton compared to a world market price of US \$284 and rice US \$366 per metric ton as compared to US \$320) though certainly in the case of sugar most sugar is not traded on the world market and the price for the small amount so traded is therefore somewhat artificial. But the point made is that because most of our exports are concentrated in markets with support prices well above world prices other exporting industries could be affected by the hidden appreciation and resources could be switched to other activities.

The arguments are technical on both sides. Some would dispute that the currency is overvalued. The argument in the Strategy is that though the real exchange rate (RER) has been quite stable in the last year and a half this does not necessarily imply that it is in equilibrium. "Although it is quite cumbersome to determine whether the RER is misaligned or not, classical symptoms of the problem appear as large current account deficits, wide black market premia, excessive international reserves accumulation and a booming non-trade sector. In Guyana's case, the large foreign debt overhang and tight control over the external sector by the authorities, coupled with the conditionalities (targets) of the IFIs, make it hard to assess whether the evolution of the RER is towards "market equilibrium" or away from it. Observation of the current account

deficit is misleading as the country has been in arrears to several lenders, while black market premia tend to be non-informative in this case because a narrow market allows some control of the nominal exchange rate by the Government (dirty float) and an oligopolistic behaviour of financial intermediaries".

The Strategy notes that the existence of queuing for foreign exchange does suggest a degree of short-term disequilibrium as does the accumulation of gross foreign exchange reserves.

On the assumption that the exchange rate may be overvalued some interesting options are suggested to move it. The first is to give a clear signal to banks and the general public that Government

intends to correct the distortion and promote a regular series of small devaluations. The second is to eliminate the phenomenon of queuing for foreign exchange. "This can be done by issuing a regulation that requires all demands for foreign exchange to be satisfied by the banking system, within two working days for amounts less than US\$10,000 and within five working days for larger amounts. The regulation should be accompanied

by specification of penalties for lack of compliance. Among other things, such a regulation would encourage development of an interbank market in foreign exchange".

If these steps do not prove sufficient to move the rate, the Strategy suggests, the central bank can initiate a series of purchases of foreign exchange from private banks for the early retirement of part of the outstanding foreign debt. Various measures are discussed to deal with the inflation that will follow.

The entire topic is much disputed and there are those who stress the value of a stable exchange rate and the scope this gives for planning and budgeting. What this does illustrate, however, is that the Strategy raises many vital issues which require discussion by our political parties, our economists, our bankers and others. It will be a shame if none of these issues are ventilated and the draft report languishes.

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THE STABROEK NEWS

Thursday, March 6, 1997

Editorial

The Budget Process

The draft National Development Strategy should be required reading for our politicians, businessmen, trade unionists and academics. Containing useful and interesting ideas and discussions on every aspect of the economy and its processes it cannot help but raise the level of public debate which in so many areas is ill-informed and bereft of any theoretical or systemic framework.

In Volume II under the broad heading "Issues and Constraints of Fiscal Policy Management" there is a discussion of the Budget Process. This starts by noting that at present the Budget is developed without the benefit of a national development strategy to guide the allocation of resources across the sectors and departments. "At the very least, it is necessary to have sectoral plans to assist both the ministries and the Government in gauging whether requests for funds are consistent with the ministry's own strategic objectives and the identified public policy problems. Yet, there are very few sectoral strategies and these are underdeveloped. As a World Bank report says, "As currently conceived, the budget process reflects the outcome of a series of negotiations rather than the product of properly costed programmes within an overall macroeconomic framework". One outcome of this approach, is that some ministries use the Estimates to put forward their own "policy" proposals, instead of using the Cabinet process. For example, during a 1993 Budget interview, it was found that the Ministry of Education was paying varying inducements to teachers and stipends to students attending vocational schools, without an overall policy to indicate the appropriate levels of such incentives".

Dealing with the question of objectives and priorities the Strategy notes that there is little attempt to base requests on a clearly defined set of objectives or priorities. "In many cases, non-prioritised "shopping lists" are submitted to the Ministry of Finance which then has to make cuts to fit the constraints of the macroeconomic framework and resource availability. Moreover, there is currently no institutionalised mechanism for policy and priorities discussion at the Presidential and Cabinet level as part of the pre-Budget process. In 1994, a Cabinet Economic Sub-Committee was formed which involves general discussion of budget themes and fiscal strategy at level of Minister of Finance and his technical staff. Though this is a strong guiding force, it is not a substitute for a detailed discussion of the fiscal framework and of the costs of continuing programming exactly as it is now, and for examining new policies and programming options with their costs".

The Strategy argues that in the absence of a development plan, sectoral strategies, objectives and prioritisation the budget process has become mechanistic, incremental and somewhat arbitrary. "Line ministries and the Ministry of Finance rely on past budget allocations; the former push for an increase on the previous year and for far more than they expect to get, while the latter must make cuts (by sift-

ing through each line item) to ensure that the total allocation fits the total funds available, with the results that, prior to the 1995 Budget preparation, cuts were often made across the board. The situation is exacerbated by the time pressure involved in the Budget process".

They go on to argue that the Budget preparation process starts too late, there is inadequate monitoring of programme progress during the year, ministry estimates are not submitted on a programmatic basis but on a line-item basis and there are a number of serious data problems on both the expenditure and revenue side (data often arrives in the wrong format, is insufficient and is often late).

On the accounting side, the situation is equally bleak: "The accounting system has been in poor shape for many years. It broke down for a number of reasons, including staff shortage, poor or non-existent training, computer system deterioration, and problems of moving vouchers to the central processing unit. In his 1992, 1993 and 1994 reports, the Auditor General found a number of deficiencies in the accounting system, ranging from improper or ineffective record keeping to failure to keep supporting records, and from the absence of a Statement of the Government's Current Assets and Liabilities to discrepancies between bank deposits and accounting records. Over the decade 1982-1991, no Auditor General reports were presented and they remain outstanding to the present time, with (until recently) no timetable set for their presentation in future. In addition, the Public Accounts Committee (which meets to examine whether public expenditures are applied for the purposes prescribed by Parliament, with the objective of encouraging sound finances and evaluating the effectiveness of projects and programmes) has not produced regular reports. In fact, the last report was submitted in 1984 and it concerned Government accounts in 1967. The Committee met in December 1993 for the first time since 1990, but have now resumed regular meetings. The aim is to consolidate the financial Statements for 1992 and 1993, though the audit reports are not yet complete".

Clearly the entire budget process degenerated enormously in the seventies and eighties and it must have become increasingly difficult to prepare an authentic budget. There has been some improvement. Part of the problem, of course, is the lack of trained accounting staff. But systems have collapsed and this or any other government has a lot to do to get the process functioning smoothly and effectively again. Public Service reform is also tied up with this.

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The Center's programs are directed by resident experts or fellows, some of whom teach at Emory University. They design and implement activities in cooperation with President and Mrs. Carter, networks of world leaders, other NGOs, and partners in the United States and abroad. Private donations from individuals, foundations, corporations, and multilateral development assistance programs support the Center's work.

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